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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2393



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NEW PHASE IN CZECHOSLOVAK ECONOMIC DEVELOPMENT TRACED

Budapest VALOSAG in Hungarian No 3, Mar 83 pp 21-29

[Article by Maria Babosik and Laszlo Csaba: "New Phase in the Development of the Czechoslovak Economy"]

[Text] Continuity and caution were the basic principle of Czechoslovak economic policy in the 1970's. On the whole, Czechoslovakia refrained from the innovations that characterized the economic policies of the other CEMA countries. Thus the large-scale import of technology was absent that was one of the cornerstones of economic policy in the GDR, Poland and the Soviet Union. There was no forced rise in the rate of economic growth--at the cost of an unprecedented rise in the rate of domestic accumulation--that may be regarded as a characteristic of Romanian economic development in its 1972-1978 phase. Nor was there the preferential treatment of agriculture, and within it of small-scale farming, that was one of the characteristics of Hungarian economic policy throughout most of that decade. The measures concerning economic management likewise lacked the willingness to experiment that was characteristic of several other CEMA countries: Czechoslovakia did not integrate industrial plants and farms into such large-scale organizations as in Bulgaria; in relation to small and private plants, it did not pursue such a varying policy as the GDR did in the 1972-1976 and the 1977-1981 periods; it did not experiment with such partial reforms, affecting only a part of the economy, as in Poland in 1973-1975; and at the same time, partially as a reaction to the events of 1968-1969, it did not take any steps reminiscent of Hungary's comprehensive reform of the economic mechanism or leading in that direction. The economic mechanism's development was determined to a large extent by the logic of the system of plan breakdowns and planning directives, and the many interesting partial measures and changes in regulation and organization throughout the entire decade of the 1970's served to strengthen and rationalize this system of a command-directed planned economy.

How did this policy of stability function and what results did it produce in the decade when changes of fundamental importance, which may be regarded as the beginning of a new era in the world economy, occurred in the external conditions of economic development? How does Czechoslovakia intend to adjust to the "colder winds" of the world economy? In the following, on the basis of Czechoslovak sources, we will attempt to review this new phase in the development of the Czechoslovak economy, a phase that--similarly as in the other CEMA countries--evolved not only and not primarily because the capitalist external economic conditions worsened, although the change of the external economic conditions is unquestionably an essential component of this new phase of development. The most

important among the other components appear to be the significant slowdown of the rate of economic growth, changes in the production structures of industry and agriculture and in the related priorities of economic policy, and finally the modifications in various areas of the economic mechanism. These other components, too, will be reviewed, but without any claim to completeness.

New Phase Evolves

In seeking the causes of the country's present economic situation, the economic policy in the second half of the 1970's and the results of the economy's development are viewed with growing criticism in Czechoslovakia. According to the standpoint of the 16th CPCZ Congress held in 1981, Czechoslovakia failed to achieve a decisive change in the development of quality and especially of effectiveness in 1976-1981, despite certain favorable results. Analyses point out that extensive characteristics remained the dominant in the development of the Czechoslovak economy during the 1970's, in spite of the requirements formulated by the 14th CPCZ Congress in 1971, and by the 15th CPCZ Congress in 1976. This is evident, among other things, also from the fact that the rate of economic growth--average by international comparisons--was achieved at an investment rate of 31 percent and an employment rate of 90 percent; both figures are among the highest in the world. The macroeconomic indicator that showed the highest growth in the 1970's was productive consumption: in 1970-1979 its value increased by 77 percent, while the social product rose by 68.7 percent and the growth of national income was 56.9 percent. The extensive nature of Czechoslovak economic development is evident in the very high energy-intensity of growth. Despite the objectives of economic policy, the energy-intensity of growth continued to rise: in 1980 Czechoslovakia was consuming already four times as much primary sources of energy as in 1948, and the ratio of growth to energy consumption developed as follows:

Table 1. Interrelations of National Income and Energy Consumption (Average Annual Growth, Percent)

	1961- 1965	1966- 1970	1971- 1975	1976- 1980
National income, average annual growth	2.0	6.9	5.7	3.7
Energy consumption	4.7	2.5	2.8	2.7
Energy-elasticity of growth	2.35	0.36	0.49	0.73

Czechoslovak authors attribute the causes of this unfavorable development to three factors. First, within Czechoslovakia's fuel and power balance the proportion of solid fuel with a low calorific value (primarily of low-grade brown coal) was high and rose through 1980. Secondly, the weight of metallurgy and heavy industry within the economy was high; electronics was lagging, primary processing (petrochemistry in particular) was excessive within the chemical industry and the proportion of fine chemicals, which incorporate considerable intellectual effort, was low. Thirdly, economic regulation in the 1970's employed predominantly mandatory economic indicators of the gross type, which encouraged the enterprises and associations to produce material- and energy-intensive products.

The extensive nature of growth is reflected also in that the capital available per worker continued to rise in industry essentially at an unchanged rate

during the 1970's, while the growth rate of industrial production slowed down. The availability of capital (the value of productive capital per worker) rose at an average annual rate of 7 percent in 1971-1975, but in 1976-1980 this rate dropped to 4.4 percent a year. This is not surprising because an ever-larger share of investment in industry is earmarked for the development of brown coal mining, the effectiveness of which is far below the average for the national economy. In 1982, for example, the fuel and power industry's share of new investments was already 50 percent.

The slowdown of national income's growth rate began already in 1977. After 6.3 percent in 1976, it was 4.2 percent in 1977 and 4.1 percent in 1978. In 1979 the growth rate slowed down further, to 3 percent, which was duplicated in 1980. But in 1981, mostly as a result of the bad harvest, growth virtually disappeared, amounting to merely 0.2 percent. This trend asserted itself also in 1982, since the 1982 plan itself was able to target a growth rate of only 0.5 percent because, among other things, deliveries of sources of energy from other CEMA countries were 17 percent below the mutually reconciled level.

How should this slowdown of growth be evaluated? Some Western authors interpret this as a crisis. According to their "translation" of the official data on plan fulfillment under the 6th Five-Year Plan in 1976-1980, this plan was fulfilled 78 percent in industry, 71 percent in construction, and 57 percent in agriculture. The fact that certain socialist authors also regard the maintenance of a high rate of economic growth unquestionably desirable, and even as an inalienable characteristic of socialism, might provide some grounds for such an assessment. In fact, however, one should be leery of perfunctorily applying a requirement and an approach that belong in the mentality of the previous period. (In an earlier article, we attempted to demonstrate the opposite relationship: specifically the maintaining of growth unchanged in 1973-1978 was one of the principal factors of the small CEMA countries' late adjustment to the world economy.) As Leopold Ler, Czechoslovakia's finance minister, had pointed out years earlier, the five-year plan cannot be regarded as an instrument for setting, and controlling the fulfillment of, tasks that remain unalterable throughout the five-year period, because this would not be in accord with the realities of today's changing world. Realizing this, Czechoslovakia--unlike in the 1971-1975 period--did not strive to fulfill the tasks of the 6th Five-Year Plan at all cost. Taking into consideration the second oil price shock and the recession it caused, the increasingly difficult conditions of obtaining raw materials within CEMA, and also the fact that engineering, which was to have been the principal exporting branch, had been unable to fulfill its export plans and improve its competitiveness for several years in succession, the Czechoslovak leadership decided in favor of slowing economic growth as warranted by the foreign markets' conditions and marketing opportunities, and of reordering the structural priorities. Two factors also played a role in this decision. One was the experience of the preceding five-year plan, which could be fulfilled at the cost of overspending equivalent to a whole year's investment allotment. The other factor was the realization that since investment's share of national income had reached 31 percent already in 1975, overspending on this scale would have been feasible only at the expense of the living standard, or of a substantial deficit in the balance of payments with capitalist countries, like the one that actually did occur in Hungary in 1978. Since Czechoslovakia wanted to avoid this by any means, it was decided to curb investment instead. Very circumspectly, only 89 percent was

spent of the amount planned for investment in 1976-1980. The increase in investment was still 5.7 percent in 1977, but only 1.8 percent in 1979 and 1.2 percent in 1980. But in 1981 investment already dropped by 1.9 percent, and the 1982 plan contained a similar reduction, which was a drop of 3.3 percent over 1980. (The 1983 plan calls for a further reduction of 1.5 percent.)

Among the traditional "real economic" factors, investment is declining; according to the target of the 1981-1985 plan, energy consumption should likewise decline by at least 2 percent a year; besides a special state target program, also the limited CEMA and domestic supply makes a further rise in the consumption of materials impossible; moreover, accession to the work force during the five years will be merely 70,000 to 80,000 workers. Therefore it is obvious that the path of economic development of the 1970's cannot be continued. Premier Strougal pointed out that a rapid improvement of the economy's effectiveness would be indispensable to accelerate the rate of economic growth as of 1983. The guidelines of the 1983 plan prescribe the acceleration of growth, and a 2-percent rise in national income and a 3-percent rise in industrial production are being planned. Since the five-year plan adopted in December 1981 calls for a rise of 2 to 2.6 percent in national income, and growth rates of only 0.2 and 0.5 percent were achieved respectively in 1981 and 1982, an annual growth rate of about 4 percent would be necessary between 1982 and 1985 to achieve by 1985 the development targeted in the medium-range plan. But as Lubomir Strougal pointed out on several occasions, including his cited speech, this would presuppose a real turnaround in effectiveness as compared with the growth rates of the Czechoslovak economy during the past decade. This turnaround can be achieved only through changes in the structure of the economy and in the system of economic management. In the following, therefore, we will review the measures that were introduced in these areas.

External Economic and Structural Changes

In its assessment of the 1976-1980 period, the draft of the present five-year plan followed the open and frank tone of the 18th session of the CPCZ Central Committee, in October 1980. "Manufacturing did not adjust adequately its production structure and product quality to the requirements of the national economy and of the population, engineering was unable to suitably adapt to the world market's difficult conditions and did not fulfill its export target, . . . we are importing grain at relatively high cost and in excess of the plan in order to ensure the high level of meat consumption." Engineering's shortfall in export was attributed to the unsatisfactory rate of technological and product development.

These findings are reflected with particular sharpness in Czechoslovakia's trade with the West. The proportion of finished products within Czechoslovakia's export to the developed capitalist countries dropped from 60 percent in 1975 to 66 percent in 1980. While the country's total export to the West increased by 70 percent, the export of machinery rose by only 37 percent. Thus the proportion of machinery within Czechoslovakia's export to capitalist countries dropped from 17.2 percent in 1975 to 12.5 percent in 1980.

"Practice has proved that the world is not going to adjust to us; it is we who must quickly and effectively meet the world's requirements," concluded staff members of the CPCZ Central Committee in one of their articles emphasizing the

urgent need for export-oriented development. They pointed out that Czechoslovakia's share of world trade dropped from 1.5 percent in 1965 to merely 0.8 percent in 1980. In the same manner, Czechoslovakia's share of CEMA trade dropped from 13 percent in 1965 to 9 percent in 1980.

Czechoslovak industrial policy in the 1970's was characterized by the traditionally inward-turning tendency of import substitution. Czechoslovakia's relatively modest participation in the international division of labor is evident from the following table.

Table 2. Development of the Volume of Foreign Trade in 1960-1980 (1960 = 100)

	<u>1965</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>
World	145.5	247.4	694.4	1605.6
Czechoslovakia	139.4	196.4	433.7	773.6
Belgium	168.6	306.1	759.9	1690.5
Finland	144.4	233.3	555.5	1430.3
France	148.2	263.2	773.2	1619.4
Netherlands	158.5	292.1	871.0	1833.0
Austria	168.6	306.1	759.9	1690.5

From the above data Czechoslovak analysts conclude that one cause, among others, of the Czechoslovak economy's low effectiveness is that "Czechoslovakia is not utilizing adequately the opportunities to save social labor that international trade offers, world advances in science and technology are not being employed suitably in economic development, the quality of the reproduction base is inadequate and, as a result, the production base is not sufficiently modern."

It is likewise a known fact that the proportion of cooperational deliveries within export to the developed capitalist countries is merely 1 percent, which indicates that relatively little use is being made of the modern forms of cooperation between enterprises and of the inherent possibilities of technology transfers. The 7th Five-Year Plan regards an increase in the purchasing of licenses desirable, but national experience indicates that in this form it is relatively less feasible to acquire advanced technology, without the importation of considerable operating capital and without joint ownership.

The external economy played a role also from the import side in the structural changes of the early 1980's. Since also the third wave of parallel industrialization had matured in the socialist countries, Czechoslovak machinery export was less able to fulfill its "medium of exchange" function also in trade within CEMA: Czechoslovakia's net export of machinery could be spent less and less on imports of raw materials and fuels. This also meant that it became increasingly difficult to procure the raw materials necessary for growth in the few industries, such as ferrous metallurgy and the petrochemical industry, that had fueled economic growth in the 1970's. Therefore the 7th Five-Year Plan anticipated curbing the growth of the energy- and material-intensive sectors. Besides engineering's inadequate export performance, often criticized even before the highest party forums, the decline of Soviet petroleum export is mentioned as one of the principal difficulties in planning foreign trade. Namely this decline directly affects the possibilities of exporting petrochemicals, an important item in Czechoslovak export to the developed capitalist countries.

If there are difficulties in the export of the mentioned two spheres, then obviously one of the key objectives of Czechoslovak economic policy, the maintenance of the level of indebtedness to capitalist countries (while import stagnates and export expands by 40 percent), can be achieved only if the dropout in export is offset by expanding the export of other sectors, primarily of agriculture and light industry. (Expansion of the export of energy sources does not appear to be a realistic possibility in the present tight supply situation.) And this could raise more acutely than in the past the problem of the domestic market's equilibrium.

Electronics, the production of equipment for nuclear power plants, and the pharmaceutical industry have been given preferential treatment primarily for the purpose of import substitution, to reduce Czechoslovakia's dependence on the capitalist market. Although electronics is intended to have also considerable capitalist export tasks, the world market in this field is characterized by fierce and intensifying competition in which the price and technical-development competition with overseas competitors poses a great challenge. The production of equipment for nuclear power plants in 1981-1985 is regarded as a fundamental and difficult structural change within Czechoslovak engineering that is limiting also the developmental possibilities of other engineering sectors. At the same time, slower growth is expected in this area than had been envisaged earlier. Whereas in 1976-1980 Czechoslovakia built nuclear power plants with a combined total generating capacity of 3600 MW, the capacity installed in 1981-1985 will be 3960 MW, a total increase of only 10 percent in 5 years. Since growth of the CEMA countries' energy demand will probably slow down over the next decade--also in conjunction with their slower economic growth--the prospects of export to other socialist countries will likewise be more moderate than had been planned earlier. However, the role of nuclear power plants will unquestionably increase during the 1980's in Czechoslovakia's domestic energy production. This follows also from the fact that in 1981-1985, according to the plans, the 20-year process will end in which the proportion of Czechoslovakia's own sources of energy dropped from 88.1 percent in 1960 to 60.6 percent in 1980 (hence the proportion of import increased from 10.9 to 39.4 percent), and by 1985 the proportion of own sources of energy will again rise, from 60 to 63 percent, and the proportion of import will decline from 39.4 to 37 percent. Since the output of brown coal is already approaching its upper limit, it is understandable that Czechoslovakia wants to generate in nuclear power plants 80 percent of the increase in the demand for electric power.

The structural changes taking place in agriculture likewise are responding to external economic effects. A surprising dimension of Czechoslovak import from the West is that while the import volume increased by only 60 percent in 1976-1980 (as compared with 92 percent during the preceding five-year period), within this imports of finished products increased by 45 percent and imports of raw materials were 59 percent higher, but food imports increased by 139 percent, despite the fact that Czechoslovakia had been trying since 1974 to achieve a zero balance in its foreign trade in agricultural products. About 8.0 million tons of grain had to be imported in 1976-1980. The efforts to achieve agricultural self-sufficiency have intensified since 1981 also for this reason. In this context attention is called in Czechoslovakia to two interrelations. First, the imported feed is needed mostly for hogs and poultry, and therefore hog and poultry production is being curtailed in favor of cattle. According to the report on plan fulfillment in 1981, in response to central measures the hog population

had already been reduced by 591,000 head, and at the same time the cattle population had been increased by 102,000 head. The second interrelation warns against the previous one-sided forcing of large-scale livestock production. As Milos Jakes, secretary of the Central Committee, pointed out, at the higher energy costs under the new situation in the world economy "large-scale livestock production involves severalfold and incommensurate cost increases, particularly of the energy costs, due primarily to the increased demands for transportation." The 4th plenary session of the CPCZ Central Committee adopted a standpoint in favor of supporting small farms, household plots, and associations of amateur gardeners. Sensing the difficulty of implementing this resolution, Frantisek Pitra, the Central Committee secretary who presented the proposal for this resolution at the mentioned plenary session, noted that "the views calling for the abolition of household plots must be opposed" and "the excessive merging of agricultural enterprises is not permissible even in the case of experimental farms."

Modifications of Economic Mechanism

The view in Czechoslovakia today regarding the general state of the economic mechanism is that in the 1970's they lagged behind the other CEMA countries in perfecting their economic mechanism, and that this lag can be attributed mostly to the effects of the events in 1968-1969. This manifests itself also in the fact that although many of the measures introduced by directive in the late 1960's had been intended to serve only as temporary measures, in the end the ad hoc solutions were institutionalized and became permanent and even determining characteristics of the economic mechanism. The introduction in 1978 of the so-called Comprehensive Experiment in Efficiency and Quality Management was the first change about which the Czechoslovaks themselves felt that "this is not a partial measure, but a set of about 50 measures that affect the entire economic mechanism." This system of management was introduced initially at 12 economic production units and subsequently was extended to the entire economy as of 1 January 1981.

The Set of Measures for Improving the Planned Management System comprises two main parts: a policy chapter, and a practical chapter. The policy chapter reflects an approach that is different from the preceding one and can be summed up with the following key words: flexibility, adaptability, local initiative, local independence, and the strengthening of money relations. The idea was formulated, explicitly and also as a matter of policy, that in today's changing world the five-year plan cannot be regarded as a storehouse of unalterable tasks; instead, in the interest of implementing the policy outlined in the five-year plan, the federal government may modify the annual plans, even during the year. As we have seen, this did happen in 1981 and also in 1982. In June of 1982, for example, the revision of agriculture's medium-range plan was placed on the agenda.

A basic idea of the Set of Measures was that economic incentives should be linked not to the fulfillment of annual or even shorter planned tasks, but to the central tasks of the medium-range plan. These incentives would be transmitted to the economic production units through regulators that would remain stable for five years, and in the case of overfulfillment the state budget would not skim off the additional profit. Long-term stable contractual relations would develop among the economic production units. The indicator of gross output was replaced by the value added indicator, i.e., the value of the goods produced less the costs of materials and supplies. A new feature of the wage system was that the center would no longer guarantee regular increases of even the basic wages: wages--in

principle--were the residual value, because the economic production unit could form the wage fund only after the transfers of revenue to the stage budget and the allotments to the various funds of the economic production unit and of the enterprise, and the proportion of variable wages not guaranteed by the state could amount to as much as 20 percent of wages. The role of khozraschet at the brigade level is to be increased in both industry and agriculture. At the 16th CPCZ Congress also the idea was formulated that planning could not be limited to directives or to the specifically targeted breakdown of the plan's tasks.

Some analysts interpret the above changes in the management system to mean that an economic mechanism has finally been created that combines the Soviet and the Hungarian economic management solutions, and not always without contradictions. Others regard the broadening of enterprise independence as the most essential change. However, it is evident already from the above brief outline of the Set of Measures that both views are debatable. As Ladislav Matejka, the state secretary in charge of operations at the Government Committee on the Problems of Perfecting the Planned Management of the Economy, said, "Not only in terms of their content and principal directions, but also in some of their partial solutions, the measures agree in many respects with the changes introduced in the Soviet Union in July of 1979." As evident from this authoritative source, in the 1981-1985 period 120 of the material balances will be prepared centrally and 230 by the economic production units within their own competence, and these material balances cover half of industrial production. The number of centrally approved material balances is higher than in 1976-1980. Since 1981, enterprise independence has been limited rather than broadened: the regulations on enterprise taxes that specify the Set of Measures clearly increase the economic production units' role and reduce the role of the enterprises. This is reflected, among other things, also in the changed sequence of forming the enterprise funds: since 1981, the enterprises must first transfer payments to the economic production unit, then the unit's funds are formed, and only the remainder may be allotted to the enterprises' own funds. And the economic production unit is authorized to extensively regroup the resources of the enterprises' funds, for various objectives of its own. These specific regulations reflect the Soviet and the GDR planning approach, according to which the subject of economic activity is not the enterprise but the intermediate managing organ.

Since the practical introduction of the Set of Measures, there is a noticeable increase of operational interventions by the managing organs. Milan Simonovic, a Slovak chief justice, noted that, in the course of such interventions, the superior organs regularly set subsequent tasks that they classify as tasks of primary importance. Another critic comments that it is standard practice for 60 percent of the economic organizations to be requesting even in August the modification of their annual plan. Theoretical economists conclude from all this that it would be expedient to broaden the independence of the economic production units, parallel with reinforcing the operational and directive nature of management. This practice hardly permits main objectives of the plan that are stable for five years, and stable norms linked to these objectives. Naturally this situation stems also from the fact that the 1981-1985 plan was still being drafted in the second quarter of 1982, and therefore economic regulation could be tied only to the implementation of annual plan, not only in 1981 but in 1982 as well, and for 1983-1985 it became necessary--as we have seen--to revise agriculture's five-year plan itself. In other words, certain basic conditions were actually lacking for the elaboration of norms that could have remained stable throughout the five-year period.

Premier Strougal characterized the Set of Measures as a "modest beginning" that had to be supplemented by further organizational and personnel measures. But progress so far has been slow, and this has understandably raised the question as to whether the problem is primarily or exclusively what every official Czechoslovak standpoint mentions: namely that the new management approach is spreading too slowly, and the cadres who function according to their ingrained habits are not employing the otherwise sound but difficult tasks, either for the sake of their own convenience or because they are giving preference to local interests. In other words, is the main problem the inadequate implementation of sound principles (something familiar also in Hungarian practice), or does the Set of Measures itself fail to answer essential questions, are the instruments for implementation inadequate, and therefore is the adopted document unable to significantly change the accustomed old routine of economic management that was so sharply criticized by the CPCZ leadership even at the latest party congress?

The CPCZ leadership subscribes to this latter, more comprehensive answer. In his speech assessing fulfillment of the government's program, Premier Strougal--besides criticizing inadequate implementation--also pointed out: "We are aware that in the management system we have not yet adopted measures that could effectively enhance the role of scientific and technological progress in the economy's intensification." Over and above the mechanism of innovation, also other mechanism elements have not been solved suitably in the Set of Measures. The document did not concern itself with agriculture and services: by a separate resolution, the 6th respectively the 4th session of the CPCZ Central Committee "raised" these spheres to the level of the Set of Measures. A flaw of the 1980 Set of Measures, belying its name, is its failure to regulate (in other words, to significantly change) a sore spot of the Czechoslovak economy, its investment system. In June of 1982, the Presidium of the CPCZ Central Committee held a special session to discuss the tasks of the construction industry. The resolution adopted at this session points out that specifically the direction of investment policy and the application of quantitative indicators resulted in that investment has remained extensive. The number of unfinished construction projects did not drop in 1976-1980, the average construction time increased from 2.1 to 2.6 years, and in 1981 the average number of workers was 20 per construction project and only 2.5 per structure, while the system of preferential projects ran wild; planning documentation involved too many levels and was too complicated, planning and construction were not coordinated properly, and the arising difficulties were not resolved smoothly. "The situation did not improve even in 1981," states the communique, which thus digs far deeper to uncover the causes than the Set of Measures did.

Finally, the Set of Measures left unsolved the question of regulating prices and foreign trade, and the relations between these two spheres. The policy part of the Set of Measures speaks of a "need to establish a plan-conforming link" between the world-market and the domestic prices. But it would be premature to conclude from this that there exists between the foreign and the domestic prices a direct link similar to the one in Hungary, or that there are plans to establish such a link. In the Czechoslovak economic press there already was a debate in 1982 on the decisive theoretical question as to whether the officially fixed producer prices should be based on the domestic average costs or on the actual import prices. On one side the idea was expressed that "if Czechoslovak considerations are to be the decisive in the valuation of the socially necessary expenditures of labor, we will not be able to achieve a basic change in increasing the efficiency of our economy," and also that world-market criteria must

be used in the valuation of not only export but of entire national labor as well. Even in late spring of 1982, however, official price-policymakers were of the opinion that although the principle of price stability cannot mean price constancy in practice, it is appropriate to arrest the rise of foreign-market prices in the phases of processing. A link must be established between the international and the domestic prices, but--and we quote--"naturally, in the basic solutions we must always bear in mind the logic of the domestic economic mechanism. This applies particularly to the prices of investments."

In the autumn of 1982, then, the debate is still undecided. On the basis of what has been said, there appears to be food for thought in the summarizing evaluation by a group of Czechoslovak experts who contend that if the objective is to design a mechanism able to respond to the rapid technical development taking place in the world, then the world market's value judgment must be taken into consideration--and even used as the basis--in perfecting the entire economic management system. "Some elements of this requirement are already included in the Set of Measures. At the time of its drafting, however, not all of the factors that are now exerting an influence were known, and the effects of some were not even anticipated. The entire economic management system must transmit the proper function of external economic relations. Consequently, the foreign-exchange incentive too must apply to the entire management system," the specific form of which, according to the quoted group of experts, is that not only must the profit expressed in foreign exchange be identical with the profit in korunas, but there must also be a direct link between the profit and the economic incentive funds. However, we wish to emphasize that this has been formulated merely as a requirement, and this does not necessarily determine what practical steps will be taken in 1983-1985 to perfect economic management in Czechoslovakia. Since the resolution on perfecting the investment system deems it most important that "in the interest of achieving a change, the governments must set specific tasks that can be expressed quantitatively," this is in harmony with the official price-policy decision mentioned above.

Modification of Economic Approach

Perhaps even more important than the individual specific management measures is the change in approach that began with the Set of Measures. In the same manner as economic policy, through practical steps within the political and ideological framework determined by the philosophy of the command-directed economy, also economic management is striving to adjust to the new conditions of Czechoslovak economic development so that gradual modifications may enable it to meet the requirements of the new and more difficult developmental phase. The gradual gains of the economic approach are perhaps the most noticeable in agriculture. Here, under the influence of the Central Committee's 4th plenary session, the often intermittent farm mergers of the past period have been stopped unambiguously. Small-scale farmers, the association of amateur gardeners, and even the farms' ancillary activities that were restricted in the 1970's, again have a role. The cooperative sector, too, has been "rehabilitated," in agriculture as well as in industry and domestic trade. "Both forms of socialist ownership influence each other, borrowing from each other the advanced forms of organization, remuneration and management, in the interest of developing the productive forces . . . applying the principles of *khozraschet* and efficiency," M. Jakes, the secretary of the Central Committee, made unmistakably clear, rejecting thereby the earlier views regarding the superiority of state ownership. The practice is condemned

of assigning the industrial cooperatives production tasks, instead of tasks in services and trade. It has been clearly recognized that in services, in supplying the demand for small-series and custom-made production, and in producing flexibly and quickly items that are in short supply, the small industrial cooperatives have an advantage over the large state organizations. There is criticism of production decisions that disregard the foreign market's value judgment, of product development that knows nothing about marketing, and of the separate foreign-trade organizations that make this possible. It is pointed out in Czechoslovakia that the extent to which the new economic approach determines practice will depend on how completely middle and lower managers adopt this approach. On this will depend how successfully Czechoslovakia completes the new phase of its economic development that evolved in the early 1980's.

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CSO: 2500/198

HOUSING CONSTRUCTION PROGRAM'S MIDTERM ACCOMPLISHMENTS ANALYZED

Cologne DEUTSCHLAND ARCHIV in German Vol 16 No 1, Jan 83 (signed to press 21 Dec 82) pp 76-92

[Analyses and Reports feature article by Dr Manfred Melzer, political scientist, economist, in collaboration with Wolfgang Steinbeck, statistician; both of the German Institute for Economic Research (DIW), West Berlin: "Problems and Current Successes of the Housing Construction Program—Northern and Central Regions of the GDR"]

[Text] The large-scale housing construction program of the GDR, announced in 1973, calls for new construction and/or reconditioning of 2.8 to 3 million units between 1976 and 1990¹ as a means of resolving this social problem.² Now that the first phase has been successfully concluded, it is time for a midterm review. This review will deal in particular with regional housing conditions today and with major differences among the various districts, if any. Following discussion of a number of fundamental issues, the present analysis will concentrate on the northern and central regions of the GDR and subsequently on urban areas and the southwestern region.

Results of 1981 Census

The preliminary result of the GDR census conducted in late 1981 caused something of a sensation.³ Housing units stood at 6.6 million—which was 240,000 units or 3.5 percent less than should have been available on the basis of projections contained in the 1978 interim census. An error of this magnitude is just as inconceivable in the 3-year projection as it would be in an official census document. The new figures paint a somewhat absurd picture. The number of units would thus have increased by only 510,000 despite the fact that there was construction (including reconditioning) of 1.2 million units over the past 11-year span as compared to a net gain of 550,000 units between 1961 and 1971, a period during which a total of 550,000 units were either newly built or reconditioned.⁴ This leads one to conclude that the most recent census made use of different statistical methods the character of which has as yet not been explained.

We should recall, however, that the 1978 interim census already included 174,000 units in a category labeled 'lost units,' which referred to the merger of two or more units as well as attics and basements not recorded in the statistics. Measured against the total, this is just about equal to the number recorded in the FRG (0.8 million units of a total almost four times

as large). For this very reason, it seems highly unlikely that the statistical difference of 240,000 units might refer to that same category once more.

It appears more likely that these are units not available for residential use—such as apartments turned into medical or legal practices, sales space for craftsmen located in residential areas or stores used for social purposes which include some residential space as well as apartments simply not available to the GDR citizens such as those being used by Soviet authorities and administrative offices or by foreign families. In the housing unit census of 1971 and the official projections based on it, all apartments in residential buildings "regardless of use"⁵ were counted in contrast to the practice followed in 1961. This appears to have been changed once more.

In order to make a complete comparison between the new census results and those dating from 1971, the data listed then would have to be corrected accordingly. But since this is not possible, the next best thing is to list the 1981 totals in two ways—including and excluding the units used for other purposes—in this present study.

The present housing situation in the GDR is as follows. By the end of 1981 there were just under 6.6 million housing units available to a housing population of 16.7 million inhabitants which equals to 393 units per 1,000 inhabitants. When units used for other purposes are included that last number increases to 407. The corresponding figure for the FRG at that same time was 417 where the total number of housing units came to 25.7 million.⁶ But apartments in the FRG are on average one-third larger than in the GDR (81 square meters as against 58 square meters). Thus, space availability in the FRG is better than in the GDR—34 square meters per inhabitant as against 24 square meters).⁷

Housing Construction: Plans, Goals, Output

Because of the interlocking relationship between the construction industry and other sectors of the economy and because of its socio-political significance (in terms of family, health and housing policy) both the goals of housing construction (such as new construction, remodeling, modernization and maintenance) as well as the means of implementing them are planned and directed by the Council of Ministers and other central agencies—particularly by the ministry for construction industry. Once the council of ministers, the supreme governmental and administrative body of the GDR, has reached a decision on medium-term housing construction goals affecting the economy as a whole, the state planning commission assigns the appropriate priority status to them by including them in the investment projections and regional plans and then turns them over to the district planning commissions for further study and refinement. These planning procedures are worked out in close cooperation with the buildings ministry which is charged with promoting the construction of housing developments for industrial centers to be further developed; with complying with production schedules; with solving problems in the supply of building materials and with assuming responsibility for social, architectural and city planning projects. In particular, there is a

need to sort out differences between desirable locations and local construction capability and to have the necessary preliminaries (such as expansion of the supply network) taken care of. These are problems which regional authorities (such as district construction offices as well as Kreis and municipal building offices) help to resolve.

Particularly in the field of apartment construction collaboration between central and regional authorities is quite close. This is evidenced by the fact that centrally determined housing construction plans and overall 5-year plan goals exist side-by-side with general construction plans worked out by the regional authorities. The idea is to achieve the most harmonious development possible of housing areas, industries and roads over the long term and to coordinate investment plans.

Based on overall construction plans and land utilization studies, long-term apartment construction plans until 1990 have been worked out for the major cities of the GDR. The goals contained therein have been related to growth in population and the number of households. The relevant GDR study, which takes in 135 selected cities, comes to the interesting conclusion that the number of households will increase by 18 percent by 1990 (as against 1975) while the population will increase by merely 10 percent.⁹ Taking existing regional discrepancies into consideration, this calls for a 27-percent growth in the number of housing units. In some cities, households—and thus the need for additional housing—are expected to increase in the face of a drop in population. The sharp rise in the demand for housing is traceable both to mobility and the relative growth among age groups ready to form households of their own.

The study points out that present planning goals for 1990 call for a decline from 80 percent (1975) to 51 percent (1990) in the number of people living in existing urban residential or mixed areas in which no new housing construction is envisaged. By 1990, 23 percent should be living in rezoned areas and another 26 percent in newly built-up areas.¹⁰ But this would indicate that much of the new construction was planned for land that had not been built on before—in other words at the expense of farmland on the edge of the cities—while the degree of inner city utilization would have declined because plans for corresponding renewal programs had not or had not yet been completed. This seems to be changing now in that the new architectural and city planning regulations state the following: "Over the next several years, urban construction will increasingly be characterized by an attempt...to limit spatial expansion of cities. This will be a major factor in preserving farmland and recreational areas and in utilizing construction plans more and more for the purpose of enhancing the social and artistic quality of historic city centers."

At present, in view of the need to conserve and to economize in general, it will probably be difficult to achieve a healthy balance between demand for housing and actual construction—particularly as concerns the inner cities. It is therefore hard to say how many of the goals enumerated in the study

have in fact been incorporated in the construction plans. But as the appropriate diagram shows, it seems that it is still only the major regional urban centers in the north and the center which are included.¹²

Actual new construction and expansion figures for the 1971-1981 time period indicate that just under 39 percent of all construction was concentrated in the north and central regions with East Berlin accounting for another nine percent. Most of the construction per 1,000 inhabitants took place—in addition to East Berlin, which has long been given preferential treatment—in the districts of Rostock, Frankfurt, Cottbus and Neubrandenburg. Potsdam is in last place; but Potsdam aside, all the northern and central districts attained higher construction figures than the GDR average.

As to the Kreises, Neubrandenburg, Schwedt, Frankfurt and Cottbus came out best—whereas Strasburg, Demmin and Neubrandenburg in the Neubrandenburg district; Grevesmuehlen in the Rostock district, and Bad Liebenwerda, Cottbus (Land) and Spremberg in the Cottbus district came out worst.¹³

In the past, new construction was only partially in response to need—as for example in the acutely underdeveloped districts of Rostock and Neubrandenburg. Another major consideration was a higher potential land availability as well as the construction of industrial facilities. East Berlin, which had always been well taken care of, along with Frankfurt and Cottbus had always been in the lead although there was relatively little old housing in the case of the latter two and relatively little damage in the particular case of Cottbus.¹⁴

In the modernization of housing, too,¹⁵ regional distribution is not well balanced, either. When one compares the pre-war housing totals recorded in 1971 with housing modernized since that time, Neubrandenburg and Frankfurt and to a lesser extent Schwerin and Magdeburg account for relatively high totals. The Potsdam totals were lowest and again aside from Potsdam all northern and central districts come in above the GDR average.

Present Housing Totals

34 percent of the housing units accounted for the late 1981 census are located in the northern and central districts of the GDR. East Berlin, which accounts for seven percent of the population, has eight percent of all housing units. There is a marked difference in the availability of housing in the various districts. In terms of apartments per 1,000 inhabitants (housing density), East Berlin leads by far with 447—which is equal to 25 square meters per inhabitant. It is followed at some distance by Magdeburg (391), Potsdam (379), Cottbus (375) and Frankfurt (370) where the space-per-inhabitant ratio drops down to between 22 and 23 square meters. The figures are even lower for Neubrandenburg and Rostock where housing density amounts to 355 and 356 respectively and space per inhabitant comes to 20 and 21 square meters respectively.

In the individual Kreise—where housing density figures are only available including apartments used for other than residential purposes in early 1981—the figures are lower still. The lowest figures of all were recorded for Greifswald and Neubrandenburg (315 and 331 respectively) as well as for Wismar (327), Riebnitz-Dargarten (334) and Ruegen (338). In all these instances, residential space per inhabitant comes to an average of between 18 and just under 20 square meters. In another seven Kreise, density amounts to between 340 and 350 units and the per inhabitant ratio comes to between 19 and 22 square meters.

Furnishings and Fixtures

Based on the 1971 data and on new construction, modernization (by categories) and demolitions, it has been possible to determine the amount of equipment available in apartments in the districts and Kreise. The data thus obtained refer to all housing units as of early 1981 (including those being used for other than residential purposes).

About one-quarter of all apartments in the GDR have central heating today; 43 percent have a hot water tap and about 55 percent have a bath or shower and an inside toilet. There are water taps in 90 percent of the apartments.¹⁷ Again, there are marked regional differences which were determined through separate computations.

In only 41 Kreise (13 of them city Kreise) of the 105 Land and city Kreise of the northern and central region of the GDR more than 25 percent of the apartments have central heating. In another 38 Kreise, only every fifth to tenth apartment is so equipped and in 6 of the Kreise, not even 10 percent of the apartments have this type of heating.

In 27 of the Kreise, more than 60 percent of the apartments have a bath or shower, but in three of the Kreise not even every third apartment does.

In 56 of the Kreise, more than half the apartments have an inside toilet; in another 46, however, only 30 to 50 percent have and in three of the Kreise (Cottbus-Land, Haldensleben and Wanzleben in Magdeburg district) substantially less than one-third do.

In two of the Landkreise (Cottbus and Wanzleben) almost half the housing does not have an inside water tap and in another 29 Kreise (13 of them city Kreise) that figure stands at under 10 percent.

It is easy to see that East Berlin is far above average, having received preferential treatment at the expense of the other regions. Conditions are somewhat better in district capitals, other city Kreise¹⁸ as well as some Landkreise around East Berlin and in the north—such as Stralsund and Grimmen.

There is particularly marked discrepancy between the district capitals and their environs as for instance in the case of Cottbus and Neubrandenburg and to a somewhat lesser extent in the case of Rostock, Schwerin and Potsdam. Medium-sized cities, on the other hand, with populations between 50,000 and 100,000 are far better off.¹⁹ This is probably due to the fact that the GDR economic leadership has been at pains to enhance the quality of housing in these cities to make local industry more attractive for workers moving there.

Current Housing Problems²⁰

Government-controlled low rent (of DM 1 to DM 1.25 per square meter in East Berlin and DM 0.80 to DM 0.90 in the districts) for new apartments has kept expenses down²¹ but has also resulted in major neglect with respect to maintenance and modernization. Since the housing industry turns virtually no profit whatever, the government is forced to undertake a huge improvement program.

Based on a modernization ratio of roughly one-third of planned construction between 1981 and 1990, a general overhaul of 0.6 to 0.7 million housing units may be anticipated until the end of the decade—which corresponds to 35 to 40 percent of the available modernization capability.²² Since these specialized enterprises are not distributed throughout the country according to the need for their services and since only limited funds are available for urban renewal and modernization of inner cities, these enterprises as well as the planners are faced with formidable problems.

In addition, there is a need to give priority to new construction—particularly in order to overcome regional shortfalls. In view of sharp increases in energy and raw material costs, however, new construction has gotten more expensive as well and all this, along with subsidized rents and funding for modernization projects will call for bank credits and individual contributions by citizens and, in the end, for major subsidies by the government.

In view of the increasing overall economic problems of the GDR—brought on to a large extent by foreign trade burdens—it is becoming more difficult to implement the housing program. The worsening of the terms of trade and the foreign debt problems are making an increase in exports a must. But as private consumption continues to rise, this in turn places limitations on investment volume, an increasing share of which would have to be earmarked for housing, if the plan is followed. And this happens at the very time when industry is called upon to conserve energy and materials as it undergoes far-reaching structural change.

Regional Housing Picture for the Future

Although projections up to the mid-eighties may be based on the planning goals of the present 5-year plan, it remains doubtful whether the housing goals can be fully realized in view of the difficulties faced by the economy

overall. If the export drive does not succeed and higher productivity cannot be attained while energy and raw materials are being conserved at the same time, the housing program may well be affected, too. But one must not overlook the fact that the housing program, a "key element of SED social policy," is such a high priority item that it will only be cut in case of dire need. The unqualified priority of the housing program is also reflected in the rather satisfactory fulfillment of 1981 planning goals²³ and the equally good results achieved in the first half of 1982 despite the slowdown in overall economic growth.²⁴

The 5-year planning goals up to 1985 call for the construction of 600,000 new housing units and the modernization (including remodeling and addition) of another 340,000 throughout the GDR.²⁵ Of the new apartments, just under 35 percent will be built in the northern and central regions while those to be modernized number 34 percent. East Berlin will get 11 and 10 percent respectively—which equals the sum total of new apartments projected for the three northern districts in the case of new apartments. To carry out this higher-than-average housing program in the "capital," construction forces from other areas are being brought in which at least in some of them will lead to shortfalls in the construction sector.

The current 5-year plan calls for construction not only in the big cities but also in smaller-sized cities and communities which in turn calls for small-scale assembly line production of concrete slabs particularly in out-of-the-way localities. But plans also are to devote greater effort to urban renewal of inner cities such as Berlin-Prenzlauer Berg and Magdeburg-Neue Neustadt which in turn will call for more flexible architectural solutions to the problem of adding modern housing to more traditional inner city neighborhoods. In addition, plans are to carry out repair and maintenance on 1.45 million housing units—which is more than twice the number serviced during the past 5 years.²⁶

It was deemed best to base the projections on the goals of the 5-year plan, since the abovementioned problems and the considerable difficulties connected with major inner city renewal make it appear unlikely that the plan will continue to be overfulfilled in the years to come. At best, there may be some overachievement of modernization goals. Assuming an annual loss of housing units amounting to 0.6 percent, projections based on the construction of new housing call for a total number of 6.9 million housing units in the GDR by 1985 which would be equal to 416 per 1,000 inhabitants and an average of 24 square meters of residential space for each. 36 percent of the units would have central heating; just under two-thirds would have a bath or shower and an inside toilet and a good 50 percent would have hot water. But there would still be marked differences qualitatively throughout the northern and central regions of the GDR. With the exception of East Berlin, housing density would still be substantially below average throughout all districts, particularly in the north. Next to Berlin (27 square meters), Magdeburg would rank ahead of the others at 25 square meters of residential space per inhabitant.

There would be marked improvement in terms of equipment available but there would still be significant regional differences in the quality of housing and East Berlin would still be far ahead of the rest.

Aside from backlogs in civil engineering projects crucial to connecting new residential areas to supply systems and roads, problems will be faced in the area of insulation for the purpose of conserving energy. Some limited progress, however, may be anticipated in the case of some few new developments. Attempts are being made to install heating plants for entire floors and stall showers with a minimum loss of energy as part of modernization projects and to use more prefabricated components.²⁷ In East Berlin as well as in other locations, good results have already been attained in the reconstruction of old inner cities. We might mention Greifswald in this connection as well as the start of a modernization project in Stralsund (in the Rostock district); also Schwerin as well as Potsdam and Magdeburg in the central region and finally Frankfurt and Bernau in the Frankfurt district. Attempts are being made to break up the almost awesome monotony of modern housing developments in the case of urban renewal projects at least. This is being done for example by varying the facades of buildings and by locating stores, shops and service establishments on the ground floors. But this is just a modest beginning compared to the renewal programs yet to be accomplished.

FOOTNOTES

1. Cf Wolfgang Junker (Minister for Construction Industry), "The Housing Construction Program of the GDR for 1976 - 1990" in NEUES DEUTSCHLAND, 4 Oct 73, p 5ff
2. Cf Erich Honecker, "Report of the SED Central Committee to the Ninth SED Party Congress" in NEUES DEUTSCHLAND, 19 May 76, p 3ff
3. Cf Statistical Yearbook of the GDR 1982, p 60
4. It is even more curious when the 6.57 million housing units as recorded in the yearend 1981 census are juxtaposed with the official 6.54 million figure recorded in early 1979 (cf Statistical Yearbook of the GDR 1980, p 144). There is a net addition of only 30,000 units between 1979 and 1981 as against actual new construction (including remodeling and expansion) of 380,000 units.
5. Cf Statistical Yearbook of the GDR 1981, p 140
6. If we took the FRG figures minus the so-called lost apartments, we would arrive at a per 1,000 inhabitant ratio of 404 housing units with the overall total being 24.9 million units.

7. Residential space refers to the total area of an apartment (including kitchen, hall, bath, inside toilet, etc).
8. Cf Ludwig Penig, "Housing Developments as Government Undertakings," East Berlin 1973, p 40f. Also: Ludwig Penig and Walter Schmidt, "Legal Aspects of the Direction and Planning of Housing Developments" in WIRTSCHAFTSRECHT, No 1/1974, p 4-5. Also: "Planning Regulations of the GDR Economy 1981-1985" dated 1 Feb 1980, Part H in special issue of GBI, No 1020 h/1980, p 5ff
9. Cf Johannes Schattel, "Increasing the Efficiency of Long-Range Planning of Locating Housing Developments" in ARCHITEKTUR DER DDR, No 11/1979, p 644ff
10. Ibid, p 646
11. "Principles of Socialist Development of City Planning and Architecture in the GDR. A Decision of the Politburo and the Central Committee of the SED and the GDR Council of Ministers" in NEUES DEUTSCHLAND, 29/30 May 1982, p 9
12. It is worth noting that Greifswald, Schwedt and Stendal are listed in the first category (large and medium-sized cities) although they did not reach a population of 40,000 to 56,000 until 1975. But until the end of 1980 population did increase substantially—in Greifswald and Stendal by a good 10 percent and in Schwedt by 16 percent (as compared to 1975). It may be assumed that major housing projects in all three cities will continue to be built up to 1990.
13. Based on detailed information gleaned from the district press and a variety of data contained in district statistics as well as estimates for all Kreise, the DIW was able to come up with figures on new housing (including remodeling and expansion) and modernization for 1971 to 1980. For lack of space, this huge collection of data was not included here.
14. Manfred Melzer, "Qualitative Aspects of Regional Housing Availability in the GDR" in "The GDR in the Detente Process—Ways of Life under Real Socialism," special issue of DEUTSCHLAND ARCHIV 1980, p 148ff
15. There are three categories of modernization. The first or minimum category calls for introducing water and drainage as well as a modern stove and an inside toilet. In many instances, the apartments are also equipped with baths, showers and hot water boilers under category 2. The third category, which included a good third of the apartments modernized in 1980, also got central heating.
16. The seven Kreise are: Neubrandenburg (Land), Belzig in the Potsdam district; Guestrów and Luebz in Schwerin district; Rostock (Land and city), Ruegen, Wismar (Land), Stralsund (Land) Grimmen and Grevesmuhlen in Rostock district.

17. In the FRG, inside toilet facilities had reached this level by the fifties with bath and showers following suit in the early sixties.
18. Eisenhuettenstadt and Schwedt in the Frankfurt district—both newly founded cities—rank first in terms of equipment in the northern and central region.
19. Half the apartments have central heating; two-thirds have hot water and three-quarters have either a bath or shower and inside toilet facilities.
20. Manfred Melzer, "Housing Construction and Housing Availability in the Two German States—A Comparative Study" in DIW Structural Research Abstracts, Chapters 5, 7, 8 and 9, awaiting publication
21. Over the past 20 years, average expenditures for rent in worker and white collar households were between 2.7 and 4.0 percent of total income—which amounts to only one-third to one-quarter of comparable figures in the FRG.
22. Assuming that one-quarter of all apartments built between 1919 and 1945 and some 70 percent of those built prior to 1919 are in need of major overhaul, this would call for modernizing 2.7 million housing units—based on the 1971 census figures. When this figure is related to the actual number of modernizations during the past 10 years and those being planned until 1990, this figure is arrived at.
23. Construction of 125,731 new housing units in 1981 represented a 7.5 percent overfulfillment of the planning goals; the 59,619 modernizations exceeded the goals by 3.7 percent.
24. The figures for half the 1982 planning goals are 58,770 new housing units and 31,030 modernizations. The actual figures are 58,909 units newly built and 30,308 modernized. Since something less than half (probably 46 or 47 percent) of the planning goals in a given year are projected for the first 6 months, both these categories appear to have been overfulfilled. Cf "Implementation of the Economic Plan in the First Half of 1982" in NEUES DEUTSCHLAND, 16 July 82, p 4 and "Law on the 1982 Economic Plan" in NEUES DEUTSCHLAND, 5/6 December 81, p 4
25. "Law on the 5-Year Plan for the Development of the GDR Economy 1981-1985" in GDR Legal Gazette, Part I/1981, p 405ff
26. Hans Rehfeldt, "330,000 to 350,000 Apartments to Be Modernized in Next 5 Years" in NEUES DEUTSCHLAND, 16 Sep 81, p 3 and Erich Honecker in NEUES DEUTSCHLAND, 27/28 November 1982, p 6
27. Horst Walther, "Using Prefabricated Components in Modernization of Apartments" in PRESSE-INFORMATIONEN DER DDR, 28 January 1982, p 2-3

(1) Wichtige DDR-Wohnungsbau-schwerpunkte bis 1990
in Städten der Nord- und Mittelbezirke



Quelle: Johannes Schattel, Erhöhung der Effektivität langfristiger Standortkonzeptionen für den komplexen Wohnungsbau in ARCHITEKTUR (5)
für die DDR Nr. 11/1979, S. 644

Key:

1. Major housing construction projects until 1990 in cities of the northern and central districts of the GDR
2. Large and medium-sized cities
3. Medium-sized cities
4. Medium-sized and small cities
5. Source: Johannes Schattel, "Increasing the Efficiency of Long-Range Plans for Locating Housing Developments" in ARCHITEKTUR DER DDR, No 11/1979, p 644

Regionale Wohnungsbauleistungen 1971 bis 1981¹ in den Nord- und Mittelregionen der DDR (1)

Bezirke (2)	(3) Fertiggestellte Wohnungen								(12)	
	(4) in Neu-, Um- und Ausbau				(5) durch Modernisierung					
	insgesamt (6)	Neubau (7)	Um- u Ausbau (8)	gesamt je 1000 Ein- wohner (9)	insgesamt (10)	davon nach Kategorien ⁽¹¹⁾				Modernisierungs- quote ¹
						I	II	III		
						(14) Anteile in vH				
(13) Anzahl					(14) Anteile in vH					
Nordbezirke	222 534	158 678	10 853	80,9	53 205	12,5	57,1	30,4	11,5	
Neubrandenburg	88 841	45 883	2 101	78,0	21 077	10,0	64,2	25,8	15,4	
Rostock	94 869	73 251	4 884	89,6	16 754	9,5	47,5	43,0	9,3	
Schwedt	58 824	39 764	3 888	73,4	15 372	19,2	57,8	23,0	10,5	
Mittelbezirke	395 727	289 533	25 778	74,2	100 416	18,6	52,7	28,7	9,5	
Cottbus	88 423	64 951	4 903	80,0	18 569	7,8	65,8	26,4	9,2	
Frankfurt	78 542	56 641	2 792	84,5	20 109	12,0	48,9	39,1	12,4	
Magdeburg	135 238	84 223	11 763	74,3	39 252	28,1	47,8	24,1	10,4	
Potsdam	93 524	64 718	6 320	63,2	22 486	16,7	53,8	29,5	7,1	
Berlin (Ost)	150 019	102 465	11 378	102,7	36 176	5,7	61,6	32,7	10,1	
DDR insgesamt	1 807 142	1 084 704	119 809	71,4	402 629	17,4	57,0	25,6	6,4	

1 Um- und Ausbau sowie Modernisierung der Jahre 1979 bis 1981 z.T. vom DIW geschätzt - 2 Anzahl der durch Neu-, Um- und Ausbau geschaffenen Wohnungen gewichtet mit der jeweiligen durchschnittlichen Wohnbevölkerung der Jahre 1971 bis 1981 - 3 Vgl. zu den Kategorien Erläuterungen im Text - 4 Anzahl der von 1971 bis 1981 modernisierten Wohnungen im vH des Bestandes der vor 1945 gebauten Wohnungen am 1. 1. 1971 (15)
 Quellen: Statistische Jahrbücher der DDR, Statistisches Jahrbuch der DDR 1982, Berechnungen und Schätzungen des DIW (16)

Key:

1. Actual housing construction in northern and central regions of GDR
2. Districts
3. Housing units completed
4. New, remodeled or enlarged
5. Modernized
6. Total
7. New
8. Remodeled or enlarged
9. Total per 1,000 population
10. Total
11. Of these, by category
12. Modernization quotient
13. Number
14. In percent
15. Footnote 1: Units remodeled or enlarged and modernized between 1979 and 1981 based in part on DIW estimates. Footnote 2: Number of units created new, modernized or enlarged are weighted in accordance with average housing population for 1971-1981 period. Footnote 3: For explanation of categories, see body of article. Footnote 4: Number of units modernized between 1971 and 1981 based on the 1 Jan 81 percentage of total units built prior to 1945.
16. Sources: Statistical Yearbooks of the GDR; Statistical Yearbook of the GDR 1982; DIW computations and estimates

Beispiele realisierter und geplanter größerer Wohnkomplexe in den Nord- und Mittelregionen der DDR
Anzahl der Neubauscheinungen (Anzahl ihrer Bewohner)

(1)

Distrikthauptstadt bzw. Stadt (2)	Wohngebiet bzw. -komplex (WK) (3)	70er Jahre (4)	80er Jahre (5)
Neubrandenburg	Oststadt Katharinenstraße Rathenweg Lennstraße Detzeberg Broda	8080 (28 000) 1000 (ca. 3000) 2765 (ca. 8000) 1885 (ca. 5000) 3230 (ca. 10000)	9300 (25 000-28 000)
Rostock	Evershagen Lichtenhagen Schmar Groß-Klein Dierkow	ca. 9000 (28 700) ca. 6500 (19 000) ca. 6700 (20 000) ca. 2300 (7000)	ca. 5700 (25 000) 8000 (24 000) 400 (1400) ca. 5000 (15 000)
Barth	-		
Greifswald	Ostseeverl		
Güstrow	Südstadt	950 (ca. 3000)	
Stralsund	Knieper-West Grünhufe	14500 (ca. 45 000)	8000 (23 000)
Schwedt	Großer Dreesch Krebstörm Lankow, 4. Abschnitt	18500 (ca. 55 000)	6000 (ca. 18 000) 1400 (ca. 4500)
Cottbus	Sachsendorf/Medlow (ein noch größeres Wohngebiet ist im Norden der Stadt ab 1985 in Planung)	> 12000 (40 000)	
Frankfurt	südwestl. Stadteil Hansaviertel Halbe Stadt Neubereinschen	6500 (ca. 20 000) 3400 (ca. 11 000) 2880 (ca. 9000)	8300 (24 000) 6000 (ca. 18 000) ca. 3000 (ca. 10 000)
Eberswalde-Finow	WG -Max Reimann-	6000 (18 000)	
Eisenhüttenstadt-Ost	WK VI, WK VII	5400 (17 300)	
Schwedt	-Am Waldrand- (WK VII) -Kastanienallee- und -Mongolei- sind z. Z. in Planung, Beginn 1985		
Magdeburg	Magdeburg-Nord Neustädter Feld Magdeburg-Ölvenstedt Süd	10500 (ca. 30 000) 11000 (35 000)	15000 (45 000) 1480 (ca. 4500)
Burg	WK -Hermann Matern-	585 (ca. 1700)	
Halberstadt	WK -Clara-Zetkin-Ring- WK -Wilhelm Pieck-	470 (ca. 1500) 2080 (ca. 6300)	
Oschersleben	Wasserrinne	1570 (ca. 5000)	
Stendal	Strifsee	ca. 5000 (ca. 15 000)	
Wernigerode	Burgbrunn Stadtfeld	2100 (ca. 6500) 2080 (ca. 6400)	
Potsdam	Schlitz Waldstad Wilhelm-Külz-Straße	4530 (ca. 13 000) 1185 (ca. 3500) 1750 (ca. 4500)	
Hennigsdorf	Nord		z. Z. in Planung
Berlin (Ost)	Wellenseer Weg Leipziger Straße Friedrichsfelde-Ost Ho-chi-Minh-Straße Am Tierpark Greifswalder Straße Buch WK I-IV Hohenschönhausen I, II Hohenschönhausen-Nord Kaulsdorf-Nord Marzahn	15770 (48 300) 2080 (ca. 5200) 2220 (ca. 5600) 3800 (ca. 10 000) 3430 (ca. 9500) 3200 (ca. 9000) ca. 1800 (ca. 4400) 5750 (18 000)	4810 (ca. 15 000) 1840 (ca. 5970) 14200 (42 600) 5355 (15 000)
		35 000 (100 000)	

Quelle: Zusammengefasst vom DIW anhand von Einzelangaben aus der Bezirkspresse

(6)

Key:

1. Examples of major housing projects completed or planned in northern and central regions of GDR. Number of new units (occupants)
2. District capital and/or city
3. Housing project or development
4. Seventies
5. Eighties
6. Source: Compiled by DIW, based of district press reports

Wohnungsbestand zum Jahresende 1981 in den Nord- und Mittelregionen der DDR (1)

Bezirke (2)	Wohnungen (3)					Wohnfläche je Einwohner	
	insgesamt (4)	davon für:		je 1000 Einwohner		insgesamt (9)	für Wohn- zwecke (10)
		Wohn- zwecke (5)	andere Zwecke (6)	insgesamt (7)	für Wohn- zwecke (8)		
	Anzahl					in qm	
Nordbezirke	776 790	750 388	26 401	389	357	21,4	20,6
Neubrandenburg	226 120	221 328	4 792	364	355	21,3	20,8
Rostock	330 519	314 883	15 636	371	358	20,9	19,9
Schwedt	220 160	214 377	5 783	373	362	22,3	21,7
Mittelbezirke	1 583 119	1 512 478	70 641	398	380	23,7	22,5
Cottbus	344 878	331 583	13 295	390	375	23,0	22,1
Frankfurt	299 083	282 429	6 654	380	370	22,2	21,6
Magdeburg	527 422	494 179	33 243	417	391	24,8	23,1
Potsdam	441 736	424 307	17 429	395	379	23,8	22,8
Berlin (Ost)	524 228	520 200	4 028	450	447	25,5	25,2
DDR insgesamt	6 806 735	6 589 005	217 730	407	393	23,6	22,7

1 DW-Fortschreibung der Wohnraum- und Gebäudenzählung vom 1. 1. 1971 - 2 Vorläufige Ergebnisse der Wohnungszählung vom 31. 12. 1981 - 3 Vgl. Erläuterungen im Text (11)

Quellen: Statistisches Taschenbuch der DDR 1982 sowie Berechnungen des DW (12)

Key:

1. 1981 year-end housing unit totals for northern and central regions of GDR
2. Districts
3. Housing units
4. Total
5. Of these, for residential use
6. Of these, for other uses
7. Total per 1,000 population
8. For residential use per 1,000 population
9. Total space per occupant
10. Total residential space per occupant
11. Footnote 1: DIW projection of residential space and building census taken on 1 Jan 71. Footnote 2: Preliminary results of 31 Dec 81 housing census. Footnote 3: For explanation, see text.
12. Sources: Statistical Yearbook of the GDR 1982 as well as DIW computations

Daten zur regionalen Wohnungsversorgung und -ausstattung

Stand: 1. Januar 1981

(1)

Bezirk Kreis (2)	Bevol- kerung (6) in 1000	(3) Wohnungen		(4) Ausstattungsgrad						Wohnfläche in qm (17)
		insgesamt (7)	je 1000 Einwoh- ner (8)	Wasser- an- schluß (9)	Innen- toilet- te (10)	Bad oder Dusche (11)	Warm- wasser (12)	Central- heizung (13)	2 (14)	
		(15) Anzahl		(16) in % aller Wohnungen						
Berlin	1 148	504,3	439	100,0	95,8	78,2	50,2	33,5		24,9
Cottbus	883	340,7	386	87,2	99,3	63,9	47,2	33,9		22,5
Bad Liebenwerde	54	21,4	382	79,9	33,0	41,7	25,5	9,1		23,1
Cela	59	20,9	354	87,7	64,3	67,9	53,0	42,0		21,2
Cottbus Land	45	18,1	402	51,2	23,7	30,7	17,3	9,4		23,7
Finsterwalde	54	22,2	394	79,2	39,5	44,8	29,5	10,5		23,5
Forst	40	18,1	453	78,0	47,4	49,3	40,8	25,2		25,9
Guben	46	17,4	378	94,3	74,5	80,4	49,7	37,4		21,1
Herzberg	58	14,7	387	79,0	44,8	54,9	35,4	18,2		24,4
Herzberg	115	41,1	357	100,0	82,9	84,6	68,9	57,9		21,0
Jessen	32	12,5	391	68,4	38,0	48,5	28,4	17,5		24,0
Lückau	51	12,0	387	82,3	44,4	53,2	38,1	17,8		25,2
Luben	53	12,4	374	77,4	54,6	60,7	54,8	19,3		23,1
Senftenberg	119	48,2	405	99,8	63,4	68,0	34,3	24,2		24,4
Spremberg	44	17,4	395	82,8	47,8	49,1	34,3	19,4		23,2
Waldau	55	20,0	344	91,7	60,9	65,9	55,4	44,7		21,1
Cottbus Stadt	114	44,2	388	97,0	84,8	85,3	77,3	43,7		21,8
Frankfurt	705	245,7	377	89,2	64,2	64,4	49,5	35,5		22,1
Angermünde	37	14,9	403	75,8	43,4	44,1	29,8	15,8		25,4
Bad Freienwalde	39	15,0	385	82,1	49,3	47,7	35,2	14,0		24,4
Seeshau	34	13,2	347	78,2	52,8	54,9	41,8	23,2		23,9
Bernau	73	28,4	392	94,8	55,0	51,5	37,8	22,5		22,2
Cottbus	83	31,5	380	100,1	61,4	55,8	48,0	27,2		24,4
Coschüttenstadt Land	21	8,4	410	77,3	39,1	50,1	30,4	19,4		25,8
Forst	102	38,8	380	91,4	62,7	58,9	43,9	28,4		21,4
Seelow	41	14,0	390	74,4	48,4	51,5	34,9	19,1		24,4
Strausberg	89	32,9	370	92,3	63,7	59,4	39,2	28,1		21,4
Coschüttenstadt Stadt	48	14,7	340	100,0	95,1	94,0	74,8	47,8		19,4
Frankfurt/Oder Stadt	51	21,0	383	100,0	94,2	91,4	73,2	57,3		19,7
Schwedt/Oder Stadt	55	18,8	342	100,0	100,0	100,0	98,4	94,4		18,7
Mecklenburg	1 248	514,9	407	84,8	53,5	50,7	40,4	27,7		24,2
Burg	45	24,5	408	89,8	59,7	51,2	42,9	29,2		23,4
Corleiden	26	10,0	385	87,8	53,1	55,8	43,5	27,7		23,1
Genthin	40	13,1	378	79,8	52,2	54,5	42,7	22,3		23,4
Halberstadt	93	39,0	419	78,9	44,9	44,9	33,1	20,3		25,4
Halleschen	40	23,5	392	63,4	27,7	32,4	24,1	14,2		24,3
Havelberg	22	8,4	382	85,9	53,8	55,4	42,5	23,8		23,4
Kalbe/Milde	19	7,2	379	82,7	42,9	51,4	41,4	23,2		28,4
Klotze	30	11,1	370	94,4	44,5	52,1	41,4	20,9		24,9
Neuchâtel	45	19,0	422	74,3	38,1	40,7	27,2	15,1		24,3
Osterburg	45	17,4	387	68,3	41,7	44,4	34,4	18,4		25,8
Salzwedel	42	16,3	388	89,4	57,8	54,4	43,7	30,2		27,4
Schönebeck	88	34,7	394	85,0	47,2	47,2	37,0	24,3		21,7
Stadtfurt	73	31,2	427	80,8	54,4	55,8	27,4	18,3		22,8
Stendal	74	30,7	404	92,1	53,5	50,4	47,9	35,7		24,1
Tangermünde	21	8,4	400	64,9	39,2	45,0	35,7	24,3		24,4
Wanzleben	44	18,7	425	91,4	25,9	31,8	21,9	19,8		24,5
Wernigerode	103	38,4	375	95,7	49,9	51,3	41,3	23,9		23,0
Wolfsburg	43	19,4	431	67,3	43,2	41,1	30,0	24,4		25,1
Zerbst	41	15,9	388	80,9	51,4	54,5	40,3	23,8		24,7
Regensburg (Stadt)	292	123,9	424	97,9	79,2	64,0	53,8	40,4		24,3
Neubrandenburg	421	225,7	343	88,0	54,4	57,0	41,5	29,0		21,4
Altentreptow	24	8,8	347	74,0	33,9	38,0	17,4	9,7		22,0
Arnshagen	42	15,5	349	87,9	44,1	44,5	32,8	12,4		21,0
Demmin	48	17,8	371	78,5	37,0	35,2	22,1	7,2		21,4
Malchin	41	14,5	354	91,3	55,8	57,8	43,0	19,3		20,4
Neubrandenburg Land	28	10,1	341	88,4	47,5	47,4	24,9	9,8		25,9
Neustadt	54	19,4	350	89,7	57,4	52,5	33,0	19,3		20,9
Pasewalk	45	19,1	424	84,5	51,4	44,4	49,4	31,1		25,7
Prenzlau	44	15,4	355	85,9	55,8	55,7	39,4	14,2		21,5
Rehder/Melitz	18	6,3	350	100,0	64,0	67,2	47,5	17,7		22,2
Stralsund	26	9,7	373	87,1	44,8	48,2	23,9	4,8		22,3
Tessin	34	11,7	344	85,4	50,8	49,5	24,0	13,4		21,4
Teterow	33	12,3	373	88,5	48,4	44,7	30,5	23,5		21,9
Uckermark	51	18,0	353	80,4	47,8	50,8	32,2	14,0		20,4
Waren	53	20,9	394	93,4	59,4	59,9	42,8	33,1		23,2
Neubrandenburg (Stadt)	78	25,8	331	100,0	100,0	100,0	98,3	79,1		18,5

[Key on following page]

Potsdam	1 117	431,1	386	88,1	63,2	58,7	41,4	27,8	23,3
Belzig	34	12,1	354	84,7	51,0	59,6	36,9	20,1	29,3
Brandenburg (Land)	38	14,1	-371	68,8	41,1	64,1	30,4	19,2	29,1
Cranow	45	18,6	413	71,1	41,6	40,9	29,6	19,0	23,7
Küterberg	37	14,8	400	91,9	54,5	53,5	35,7	18,4	26,3
königs Wusterhausen	84	31,1	362	83,0	61,5	54,0	33,5	21,2	21,3
Kyritz	35	13,3	380	77,0	45,9	46,2	29,7	15,6	24,8
Luckenwalde	45	18,3	407	90,6	52,6	49,5	35,8	19,1	23,8
Nauen	82	31,6	385	82,4	58,9	53,1	29,2	22,5	22,9
Nauen/Spahn	64	24,8	388	79,2	52,9	49,8	37,2	22,0	23,4
Orenienburg	129	49,4	383	90,0	65,9	60,1	39,4	26,0	22,1
Potsdam (Land)	99	34,9	353	90,1	67,6	63,7	43,3	32,0	22,3
Pritzwalk	33	12,7	385	81,5	46,8	48,3	34,2	19,5	25,5
Rathenow	65	26,2	403	89,3	55,8	63,2	47,2	34,0	23,3
Wittstock	23	9,3	404	85,4	58,2	57,1	46,9	30,9	26,3
Zeuthen	75	27,3	364	88,8	71,9	69,5	42,7	33,5	22,0
Brandenburg/Neck/Stadt	94	37,1	384	100,0	77,4	64,1	48,8	28,8	21,1
Potsdam Stadt	131	55,5	424	99,7	81,1	72,8	61,7	47,3	29,7
Regensburg	884	324,3	366	87,3	62,8	58,2	49,1	37,4	20,6
Bad Godesburg	50	18,0	360	79,4	42,9	40,9	33,0	22,3	20,9
Grafenwald (Land)	24	9,7	373	79,0	48,4	45,5	34,3	21,3	22,4
Grafenwald	42	14,7	350	84,0	37,2	34,8	25,0	12,7	20,9
Großmünch	35	15,0	429	82,5	60,8	62,9	30,8	38,9	25,0
Holts-Gangarten	67	22,4	334	73,7	37,5	34,5	25,4	14,2	19,9
Kastell (Land)	37	13,0	351	74,2	45,3	46,9	33,8	24,3	27,4
Rugen	84	28,4	338	75,6	47,4	44,4	28,0	20,3	19,1
Stralsund (Land)	27	13,1	485	81,6	60,4	63,0	34,1	42,0	29,1
Wismar (Land)	33	10,8	327	69,4	39,1	40,8	22,3	13,5	19,8
Wolgast	60	21,5	358	78,6	41,7	40,2	32,9	19,1	20,4
Grafenwald (Stadt)	61	19,2	315	84,4	63,7	59,1	49,9	34,1	18,0
Kastell (Stadt)	231	84,6	366	100,0	84,1	74,7	74,1	64,0	19,7
Stralsund (Stadt)	75	31,4	419	99,0	83,1	73,6	63,3	51,8	22,7
Wismar (Stadt)	58	22,5	388	100,0	73,8	65,3	52,2	30,9	20,1
Schwedt	509	218,3	371	87,9	53,7	51,7	42,8	28,8	22,2
Butzow	30	11,2	373	82,1	42,5	42,6	30,9	18,9	21,2
Gedemuech	25	9,4	384	81,7	51,2	48,0	30,7	17,7	23,3
Gutrow	70	25,4	363	97,7	62,8	55,2	42,9	27,9	21,0
Hagenow	72	25,4	354	77,5	40,4	44,0	34,6	17,4	22,3
Ludwigslust	61	22,4	367	80,3	45,0	43,7	33,0	20,4	23,2
Lübb	34	12,2	359	84,4	41,8	42,0	28,6	18,9	21,3
Parchim	40	15,2	380	84,8	49,5	49,1	38,9	28,3	22,9
Perleberg	78	31,2	400	88,5	53,4	49,5	42,2	30,2	24,5
Schwedt (Land)	35	12,2	349	73,5	37,4	43,1	30,0	19,5	21,7
Sternberg	24	8,5	354	89,6	50,4	51,4	37,3	17,0	20,9
Schwedt (Stadt)	120	44,7	373	100,0	74,6	68,4	68,0	51,4	21,0

1) Erfasst sind alle Wohnungen in Wohn- und Nichtwohngebäuden sowie Behelfsunterkünften, d.h. auch solche, die z.Z. anders als für Wohnzwecke oder nicht von DDR-Bürgern genutzt werden. 2) Fernheizung, Zentral- und Etagenheizung sowie Wohnungen mit Ofenheizung für Strom, Gas und Öl (z.B. Nachtöfen, Außenwärmepumpe).

Quelle: DW-Fortschreibung der Ergebnisse der Wohnraum- und Gebäudezählung vom 1. Januar 1971 unter Berücksichtigung der Zugänge durch Neu-, Um- und Ausbau, der Ausstattungsverbesserung durch Modernisierungen (nach Kategorien) und der 9 T. nachgestellten (unvollständigen) Abzüge.

Key:

- | | |
|--|-------------------------------------|
| 1. Regional data on housing quality as of 1 Jan 81 | 10. Inside toilet |
| 2. District/Kreis | 11. Bath or shower |
| 3. Housing units | 12. Hot water |
| 4. Equipment level | 13. Central heating |
| 5. Residential space | 14. Per occupant |
| 6. Housing population | 15. Number |
| 7. Total | 16. Percentage of all housing units |
| 8. Per 1,000 population | 17. Square meters |
| 9. Water tap | |

Footnote 1: This includes all housing units in residential and non-residential buildings as well as temporary quarters, e.g. such units as are presently not used for residential purposes or not available to GDR citizens. Footnote 2: Remote heat, central heating, individual floor heating plants plus apartments heated with electric, gas or oil stoves.

Source: DW projection of results of 1 Jan 71 residential space and building census taking into account additions due to new construction, remodeling and enlargement as well as modernization and improvement of equipment (by categories) and partially estimated housing losses.

Prognose der Wohnverhältnisse in den Nord- und Mittelregionen der DDR am Jahresende 1985 (1)

Bezirke (2)	(3) Fertigzustellende Wohnungen 1981-1985'			Fortgeschriebener Wohnungsbestand am Jahresende 1985' (4)							
	(5) insgesamt	davon		Wohnungen		Wohnfläche je Einwohner (9)	nach Ausstattungsmerkmalen				
		(6) Neubau	(7) Modernisierung	(8) insgesamt	(10) je 1000 Er		Zentralheizung (11)	Bad/Dusche (12)	Warmwasser (13)	Innen-toilette (14)	Wasseranschluß (15)
(16) in 1000 Wohnungen	(17) Fläche		(18) je 1000 Er	(19) in % des Bestandes							
Nordbezirke	111	73	38	807	382	23	40	65	55	67	94
Neubrandenburg	33	19	14	228	382	23	33	68	51	88	95
Rostock	48	35	13	340	381	22	48	66	58	71	93
Schwerin	30	19	11	228	383	23	37	61	53	63	94
Mittelbezirke	211	135	76	1588	408	24	41	68	53	68	93
Cottbus	44	29	15	353	401	24	42	71	56	68	93
Frankfurt	40	27	13	387	410	24	53	71	58	73	94
Magdeburg	73	45	28	512	410	25	37	60	52	63	92
Potsdam	54	35	19	445	405	24	35	68	50	70	93
Berlin (Ost)	104	68	36	581	479	27	45	87	72	100	100
DDR insgesamt	940	600	340	6918	418	24	38	63	53	65	95

1 Überwiegend Daten aus den Volkswirtschaftsplänen der Bezirke bzw. aus der jeweiligen Bezirkspresse - 2 Ein- und Ausbau
3 DW Fortschreibung unter Berücksichtigung der vorläufigen Ergebnisse der Wohnraum- und Gebäudeschätzung vom 31. 12. 1981, der Wohnungsbauleistungen 1981, der jeweiligen Planrealisierungen für 1982 bzw. 1981-1985 sowie der Schätzung der Wohnungsbaukosten 1982-1985 (20)

Quellen: Statistische Jahrbücher der DDR, Statistisches Taschenbuch der DDR 1982, Fünfjahrplan 1981-1985, Volkswirtschaftspläne sowie Berechnungen und Schätzungen des DWV anhand von Meldungen aus der Bezirkspresse (21)

Key:

- Housing projections for northern and central regions of GDR by year's end 1985
- Districts
- Units to be completed between 1981 and 1985
- Projected totals by year's end 1985
- Total
- Newly built
- Modernized
- Total units
- Units per 1,000 population
- Space per occupant
- Central heating
- Bath or shower
- Hot water
- Inside toilet
- Water tap
- In 1,000 units
- Total
- Square meters
- Percentage of total
- Footnote 1: Primarily based on district economic plans and district press reports. Footnote 2: Includes remodeling and enlargement. 3. DIW projection based on preliminary results of 31 Dec 81 residential space and building census, 1982 as well as 1981-1985 planning goals plus estimate of housing unit losses in 1982-1985 period.
- Sources: Statistical Yearbooks of GDR; Statistical Pocketbook of the GDR 1982; 5-Year Plan 1981-1985, economic plans as well as DIW computations and estimates based on district press reports

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CSO: 2300/195

ELECTRONICS INDUSTRY REPORTED LAGGING BEHIND

Bonn DIE WELT in German 12 Mar 83 p 4

[Report by Hans-R. Karutz, Berlin: "GDR Electronics Industry Lagging Behind by 7 Years: In Japan, Honecker Showed Interest in Industrial Robots--Emphasis of Leipzig Fair on Data Processing"]

[Text] When the Magdeburg Technical College wants to transmit data on its magnetic tapes to East Berlin, an official car must transport the electronically stored information. The fragile GDR network does not permit the internationally customary exchange of data over telephone lines. Not only in this case has the finding of Western as well as Eastern experts been confirmed: East Berlin's electronics continues to operate 5-7 years behind the world level to which it aspires.

The Leipzig Fair will start on Sunday and it will be evident proof of this assertion: for its slogan is "Programmed Effectiveness Through Microelectronics" and 19 countries will demonstrate the differences in the level of technology in Leipzig.

The difference between the FRG and the GDR can be explained in a direct comparison of the respective level:

In the FRG roughly 20,000 large computers are in operation that can process the most complicated processes. The GDR has about 700.

While Western sources speak of 200 industrial robots in the GDR, Prof. Helmut Koziol, the leading GDR economist, recently mentioned 370; in the FRG, 3,000 such robots are in operation.

Use of between 40,000 and 45,000 industrial robots by 1985 is the ambitious GDR goal. "Of course, they'll first have to be produced," SED general secretary Erich Honecker very aptly stated over Japanese television during his state visit in May 1981.

However, the GDR considers even simple punched card sorters as industrial robots. The lag in this vital field of the future has not always existed. In the sixties, cybernetics research by excellent GDR specialists had advanced at least as far as in the West.

Then the Soviet Union "took over" these systems even though a few years earlier Soviet philosophers had suspected this field to be purely the work of the devil: "Cybernetics is a pseudoscience and is destined to perish even sooner than imperialism," they surmised.

But as early as 1967, Walter Ulbricht coopted the then state secretary for electronics, Guenther Kleiber, as SED Politburo candidate. A special ministry for electrical engineering and electronics under the expert Otfried Steger, SED, has been in operation at the East Berlin Alexanderplatz for years.

Honecker, too, has involved himself in the new technology, perhaps also because one of his daughters studied in this field. For a while there was hardly any Honecker speech in which he did not imploringly point to microelectronics and its importance to the GDR economy, an economy that is exclusively depending on higher labor productivity.

During his visit to Japan during the spring of 1981, Honecker was fascinated by the world of modules and microminiaturization components--Japan's very own forte. This triggered the following remark in the Japanese newspaper ASAHI SHIMBUN: "We desire not only the free exchange of industrial robots between Japan and the GDR, but also of human beings.

Up to the end of the sixties, the GDR ordered roughly 50 computers from the Western firms of Control Data, IBM, Siemens, and Univac to regain as quickly as possible the scientific stage of development it had already achieved earlier. The most advanced computers on the world market have remained and will remain taboo for East Berlin. In Paris, "Cocom," the clearing point for all technology products that may also be of military use to the Bloc, watches over possible exports.

Within the GDR, the EDP products of the Robotron state enterprise of Dresden and its 21 associated branches have an excellent reputation. In the CEMA framework, the Bloc countries agreed in 1969 to a "uniform system of electronic computer technology" (ESER). Nine years ago, a network in the "system of small computers" (SKR) was created. The USSR assumed the task of building the jumbo computers (which it also needs for missile and space technology), while the medium-sized and small countries developed industry-related table-model computers.

12356

CSO: 2300/176

MEHES SPEAKS OF SENSITIVE ISSUES IN INDUSTRY

Budapest MUSZAKI ELET in Hungarian 20 Jan 83 p 5

[Article: "Small Companies, Deficits, Executives: Industrial Review"]

[Text] Minister of Industry, Lajos Mehes addressed company executives on 5 January concerning the tasks industry faces this year. It is worthwhile reviewing his address in order to elaborate on some of its details, beyond the laconic reports of daily newspapers.

In addition to outlining the results of the year 1982 and the tasks of the present one, Lajos Mehes did not keep silent over delicate groups of issues which sometimes lead to controversy. Thus, he dealt with the interrelations of large-scale socialist companies with small- and private ones, with companies having a deficit, as well as with changes in the process of appointment, evaluation, and replacement of executives.

Business Work Partnerships as Loopholes

At present, let's pick out a single factor in regard to small companies: the system of material interest. Up to now, this has been the strongest motivating force for expansion of formation of voluntary business work partnerships within a company; greater than average productivity can be rewarded only in such a roundabout way--and this is the better case. In some places, the business work partnerships means nothing more than a better way of accounting for overtime. Thus, tension grows rather than diminishes--yet, according to the minister, the solution lies not in stopping the expansion of this procedure but in search for more appropriate methods.

These last few years, we have begun to get acquainted with the concept of a socialist company with a deficit. (Lajos Mehes: No matter how long we search in classic Marxist literature, we find no solution to this problem under socialist circumstances... It is possible that some of our measures would not earn the praise of our great masters but, in our opinion, it is better to take decisive action to eliminate losses rather than just to stare vaguely into space and thus maintain deficits at the expense of others.)

Incidentally, at present there are about 40-60 industrial companies which are not very efficient, are short of funds, and possibly, operate at a loss. This may affect 10-15 percent of the total work force. According to the Ministry, uneconomical activities can be liquidated mainly by a series of measures within the company. There is no sure cure: it is possible that some part of production has to be stopped, that the working force has to be reduced, or possibly an organizational change is needed--and it is possible, too, that replacement of executives will have to follow.

Replacements and Dismissals

Thus we arrive to one of the most controversial spheres of questions of recent times: that of cadre work. First and foremost, let's take a look at an instructive set of data. Up to now, the appointment of 941 higher executives has been under the direct authority of the Ministry of Industry. During the last two years, 206 changes took place within this group. That is, one-fifth of the higher executives have been replaced. (Lajos Mehes: At first reading, this number seemed to be somewhat surprising to me, too, and I asked myself the question: What exactly is happening here?)

Well--what happened is this: 94 executives retired--that is, almost one-half of the replacements had such an obvious cause. Nearly thirty percent of those retiring received a decoration and part of them continued to work either at their original place of work or elsewhere. Thirty-seven executives were promoted or, in the interest of the people's economy, transferred into another field of work. Because of reorganization, 33 executives transferred into other--again, mostly leading--positions: 18 voluntarily asked for other assignments, and four died.

There were "real" dismissals, too: 10 percent of the replacements. In particular: 16 cases because of incompetence, four because of disciplinary offenses.

The System of Competitions

It is worthwhile taking a look at the replacements, too. The majority of the newly appointed executives--approximately 70 percent had already been working at the same company earlier, further 20 percent worked at another company of the same branch of industry, and approximately 10 percent is made up of those who exchanged social or political functions for an executive position in industry. Two-thirds of the newly appointed executives are under 50, one-sixth of them, not yet even 40. With regard to their background, 90 percent of the newly appointed executives are either engineers or economists, or engineer-economists. Up to now, not enough experience of their work has been collected to make a judgment regarding qualification, however, one can generally conclude that they came in line with efforts to refresh and modernize.

It sounds like a platitude to emphasize that we have to require higher standards from executives than before--however, the Minister of Industry spoke of specifics, namely launching of the competitive system and the system of appointments for a determined term. Enhancement of mobility and of objectivity can be expected to result from both of these measures.

Participation in Decision-Making

Starting already in 1983, new elements of the company leadership system make their appearance. (Lajos Mehes: Our goal is enhancement of company independence, furtherance of collective leadership. It is necessary to emphasize that these changes do not affect conditions of ownership.

One of these changes is the broadening of the function of supervisory committees--to such an extent that these committees take over supervisory control from the ministries. They express their opinion concerning the company's strategy, however, without the right to decisionmaking. The right to decisionmaking as well as its consequences continue to rest with the company's chief executive.

The other change is the expansion of the system of executive councils within the company. The executive councils--and this is important--may obtain decision-making rights. Their members are: company executives, factory unit executives, outstanding company experts and workers' representatives. In a company with an active council of executives having the right to decision-making, the council makes the decision in every case related to strategic problems of business. Thus, participants in the implementation process obtain a greater role in decisionmaking and will have more self-interest in and more responsibility for the decisions to be made.

Speaking of these problems at the meetings in question, Lajos Mehes said:

"These changes will be effective only if the companies' internal system of leadership is modernized too and the executives within the company assume a greater role, if information reaches everybody involved in decisionmaking, and mainly, if the greatest possible number have the possibility of actually participating in the decisionmaking process."

12214

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ENTERPRISES IN NEED OF INCENTIVES FOR TECHNICAL DEVELOPMENT

Budapest FIGYELO in Hungarian 10 Mar 83 pp 1,3

[Text] According to a study by the National Technical Development Committee* (OMFB) involving the topic, a favorable change in technical development can be expected only if the enterprises are forced by their own conditions and interests to do so.

It is unequivocally confirmed by experience that the long-range interests of enterprises must be strengthened. However, this is not the same as the mechanical summation or averaging the profits of several years. A mechanism of self-interest is needed which centers on safeguarding and increasing the capital of the enterprises. But, in the absence of a true capital market, the interest associated with the capital is best expressed in terms of profit, provided that the gain adequately expresses the actual development of performances.

Preference Is Not a Life Jacket

Guidance must also employ tools which express unequivocally the strategic goals and activities to be preferred. The system of preference products the national economy from undesirable effects derived from market automation and relations of international power politics, and economic relations which are built on them. For instance, primarily:

--where it cannot be supposed that a socially necessary technical development will be brought about merely through the efforts of individual enterprises (ex. environmental protection, saving natural energy resources, social policy, etc.);

--in those sectors where the normal competitive situation cannot provide favorable conditions for technical development;

--in science-research-intensive areas where the enterprises have neither adequate capital of their own nor other conditions needed for its utilization (ex. nuclear energy);

--in the case of reductions, because of social and economic policy considerations.

Thus the preference system is an objective one existing of necessity in the market economy; but its measuring and resource systems must be in accord with the requirements and possibilities of national economic development.

State guidance must be basically concentrated on the strategic topics but the possible realization of the final phase of research and development must be relegated to the sphere of those economic decisions by enterprises which are based on the direct observation of market influences (including prospective influences) and risks.

It helps the flourishing of undertakings if the rules of state preferences are defined in advance. That is, together with the advance declaration of requirements, possibilities and obligations, the capital system of support functions in a mechanical manner. In addition, selective guidance and the individual evaluation of certain developments targeted on the community also should not be done without.

But the fact that some industrial branch enterprise "is in trouble" and is not very competitive is, by itself, no reason for state research and development support. When using the individual resources, it must be weighed which particular resource, in which area of the economy, will bring the greatest socio-economic rewards.

Provisions must be made that a considerable fraction of research and development support should be returnable. But the basic criterion must be the long-range results on a national-economic level or rather, above all, the social "benefit" because the preferences must support precisely the achievement of social and national economic interests. Such a criterion of qualification is also justified by the fact that the sphere of technical development also includes goals which are not always and directly associated with decreased labor expenditures (and thereby costs).

In addition to increasing the interest in profits, in fields requiring scientific know-how, the research and development expenditures must constantly and in an obligatory manner be treated as normalized cost factors. This does not mean that the current system of technical developmental funds is good in its entirety and it should not be developed further.

A consensus has not developed concerning the necessity to account for research and developmental expenditures as a constant and obligatory expense. According to some opinions, an interest system could be developed in which research and development activity would not necessarily be relegated to the background. Of course, this cannot be denied in principle but it is unlikely that the necessary economic market and social conditions could be developed within a few years. The maintenance of the system of technical development fund (MUFA) rates insures that the national economic planning must consider, to such a degree, the expenses of technical development.**

To realize the research development policy, central means continue to be necessary: the returnable form of financing must be used more extensively than before; credit must be expanded; the system of tax preferences must also be employed.

State Capital

Support in the form of a non-returnable grant is an effective form of assuming costs to achieve research and development programs which are in the public interest. It is reasonable to finance by non-repayable grants first of all the research and development activity of the non-goods-producing sector, and also research and development activities which influence and form the basis of the technical development of the national economy as a whole, where return of the invested capital is a long-range expectancy and it is difficult to trace through which economic organization and at what time a return is realized; development of the information infrastructure (ex. the information system--from patents or licenses to market information--), the development of organizations aiding the transfer of knowledge as well as transfer and receipt of technology, the training of innovative specialists, etc.).

As a means of state support, the system of tax preferences ought to be used more widely than now. This is one of the most effective means of promoting technical development.

There can also be several other, generally repayable, forms of state support. For instance, a form also currently in use is interest-free but repayable loans extended by the state organ in charge of the central direction of technical development.

Another form: some state or banking organization with investment capital, as a business proposition, will share the financing of various innovative actions assuming part of the risks of the economic organizations but also sharing the rewards.

Financing of bank loans can be used in the field of direct market-oriented research and technical development activities if the resources of the enterprises are insufficient to start them. Thus, the banks extending the loans do not get involved with the risks of the individual actions and their decision is influenced solely by considerations whether the activity of the economic organization requesting the loan makes repayment of the loan possible.

Amortization Policy

The prevailing amortization policy plays an important role in technical development. In the Hungarian regulatory practice:

--withdrawn from the state enterprises in favor of the state budget are: 40 percent of amortization in principle, 20 percent in practice up to 1982, at the level of the national economy, but already 36 percent in 1983 because of the withdrawal of various preferences;

--the price support system (for both domestic and foreign relations) has been reconstructed so that, together with the actual sales revenue, it should cover all expenses (including amortization) and it should also help realize customary profit;

--there is hardly any need for accelerated amortization because this provides no tax benefits to the company or provides benefits only insofar as the centralization of amortization (40 percent) is less than the fraction of profit withheld (although, together with reserve-fund-accumulation, this is 64 percent).

The centralization of part of the amortization is done on the basis of theoretical and practical considerations. Next to the permanent capital, which grows according to theoretical considerations, the developing amortization exceeds the replacement needs. But, it is justified to make the developmental possibilities of the enterprise also dependent on the profit to some extent, if we indeed wish to place profit in the center of interest. But the source of the developmental funds derived from profit and the complete amortization would create greater investment demands than is estimated by the plan and can be satisfied by the supply. On this basis, since 1968, a part of the amortization has always been centralized.

According to the usual interpretation, amortization is the return of the production costs of some establishment during the production period and the financial assurance that, from it, the resources needed for replacement are available at the time of physical wear-out. Of course, a well managed enterprise will not set aside this money for the time of replacement but will continually invest it and will provide for replacement from all of its resources.

The current system of amortization centralization does not distinguish between burden-free capital assets and those burdened by repayment obligations. This increases the burden on the latter with even less justification than on the others and extends the duration of the loans.

As a result of technical development, replacement, in practice, is mingled with development; replacement is much more a macroeconomic than an enterprisal category. However, a new factor has entered: price increase. The repayment requirement can entail only the actually invested nominal sum while the resource needed for replacement should be provided at replacement costs, that is, in real value (not to speak of the fact that the new installation is generally more modern and also more costly). Under such conditions, the withdrawal of part of the amortization will more sensitively drain the resources needed for replacement than under unchanged price levels.

Centralization Is No Help

It is voiced by many that amortization, regardless of the results achieved, provides investment possibilities also in places where this would be unnecessary. This opinion appears to be partly confirmed by the current practice of support and amortization. But this would result not in the centralization of amortization but, in certain cases, in the inhibition of amortization. However, according to the views presented here, the source of amortization would be available to the enterprise only if the amortization would indeed be recovered in the price.

Otherwise, the centralization of amortization can be discontinued only if it does not increase the investment demand and if it does not cause such a loss of revenue to the state budget that it cannot be replaced in another form.

As long as prices were based on costs, the price took care of the recovery of amortization irrespective whether it was indeed recovered. In the competitive industrial branches, since 1980, the situation is not completely identical with the previous one. But unfortunately, there are many exceptions to the price principle and, therefore, there hardly was any real change specifically in the amortization recovery. Thus considerable investment possibilities arise also in places of low effectiveness. Centralization of amortization does not remedy this but rather makes it worse because the good, effective enterprises are losing the corresponding fraction of amortization just as much as the weaker ones do.

If the support and taxation system remains unchanged, it would be simplest to prescribe for certain supports (not the consumer price support) that the enterprise has to repay the support received--up to the level of its amortization--in the course of the next tax payoff. Thereby, with relatively slight modification, the automatic withdrawal of capital from non-effective areas would be possible.

In the interest of promoting technical development, the gradual introduction of accelerated write-off for machines and installations is advisable. The condition of this would be that this write-off be recovered and that it be the enterprise which fully disposes the amortization.

The recommendations associated with the improvement of the amortization system can be summarized in the following:

- a) Amortization must be withdrawn gradually over a few years and at a more rapid rate in the competitive industrial sphere.
- b) Because the investment credits and the state loans were extended while presuming the withdrawal of amortization, the rate of repayment must be changed in such a manner that the remaining amortization, over and above the originally prescribed installments, should be used almost automatically for credit repayment.
- c) The amortization rates of buildings can generally be lowered. Thus, on the one hand, the total amortization sum is reduced, on the other hand, production cost is reduced whereby profit and also the taxes on it increase.
- d) In the general review of amortization rates, an attempt must be made to decrease the current over-regulation.
- e) An important requirement, also from the standpoint of budgetary balance, is that the enterprise which is either being subsidized or is operating at a loss should not be allowed to deduct amortization to the extent of its losses or subsidies or else the subsidy should be used for immediate repayment.

f) The use of accelerated depreciation presuming its eventual return must be generalized on the long range.

The more extended use of tax relief would be advantageous. Tax relief could also supplant subsidy and budgetary allowances. Namely, in comparison with allowances, tax relief has the great advantage that relief may be granted (received) only from the taxes due, based on the realized profit.

In the practice of capitalist countries, tax relief can be interpreted in two ways: they permit accounting which raises the costs and thereby the taxable profit (income) is decreased; or else they use a lower tax rate but, in general, they avoid the method of collecting taxes and then refunding them.

In the Hungarian practice, the rates by which technical development funds (MUFA) are generated do not represent tax relief because technical development (with the exception of investment necessary for production income) is a real cost and, therefore, it will not qualify as profit utilization.***

For the capitalist enterprise it is most advantageous if its expenses are immediately (in the same year) recognized by the tax authorities. Essentially the same thought is expressed also by the technical development fund (MUFA) system, in the order of magnitude of the normalized measure. It is questionable whether centrally defined norms are needed. In the case of exceeded norms, there is no problem because the excess can also be accounted for as expense. However, consideration should be given to whether it should be made possible for the enterprises to form a base even smaller than the norm--at their own risk.

For reasons of profitability (ex. the development of export products suitable for the convertible market), some additional, preferential tax relief for the development costs could be figured out in our country as well.

Intellectual "Capital" is Also Wealth

At the present time, the allocations for research and development, MUFA and investments as well as their decision mechanisms are in dissonance. Because free conversion (between MUFA and investment) cannot be realized at present, the problem must be kept on the agenda and the possibilities of a solution must be examined as soon as our state of balance solidifies.

The support of the technical development of small and intermediate enterprises must be considered. When certain research institutes are involved, refunding a portion of the arising costs could be advisable.

The question should be addressed whether part of the subsidies for current capital expenses should be converted into tax relief.

In the new value system of the world economy, intellectual-labor intensive products have become more valuable. Therefore, the earning capacity of

intellectual values (knowledge, experience, know-how) is also increasing. This is the reason why a certain part of intellectual values is globally recognized as capital wealth.

In our national economic and business accounting system, intellectual values are not taken into account and, therefore, neither can they be handled as capital wealth. This method--among others--will also delay the development of engineering activity.

The fact that we fail to calculate the value of intellectual capital has become a hindrance to progress. For instance, this hinders the producing enterprises in the conversion of their research development sections into engineering subsidiaries or joint enterprises, or the affiliation of research institutes with producing enterprises, or the establishment of subsidiaries that would utilize the research results.

Our domestic practice does not contain any regulations concerning the allotment of "intellectual capital", it does not even recognize the concept as such, it merely refers to valuable cooperation. Thus, it is reasonable to modernize the evaluation and accounting system of intellectual capacities.

The Tariff Limitations of Innovation

Tariffs have a sensitive influence on technical development. In addition to the tariff level, relative tariff ratios--the tariff structure--also play a significant role.

The relatively high tariff level limits the possibilities of buying high standard technological installations that are not manufactured domestically because of the meager funds allotted for the development. The over-evaluation of the modern producing installations is in no way an automatic assurance of improved effectiveness but it definitely makes it more difficult to replace human labor by new technology.

In the interest of technical development, it would be desirable if the tariff system would, at least, not be a deterrent to technical development. In those branches and product groups where our long-range goal is world market competitiveness, protective tariffs must be temporary.

The situation is similar in the case of modern parts and semi-finished products. The relatively high tariff level limits their utilization thereby inhibiting and delaying the improvement of the technical quality of products, product changes and the modernization of product structures.

In examining the correlations between the tariff system and the technical development, we cannot disregard the other effects and functions of the tariff system. It would not be realistic to submit every other aspect to the interest of technical development. Therefore, the stimulating effect of the tariff system on technical development must be analyzed while taking into account trade policy and budgetary interests.

As every high technology product in general, the foreign licenses (including know-how, organizational information, etc.), in accord with international practice, are free of tariffs also in our country. But the fees and expenses of licensing and the know-how purchased together with machines and installations are subject to tariffs. It is obvious that this regulation--otherwise without parallel in international practice--does not serve any kind of trade policy interest and can even less be justified in terms of protecting domestic production. Therefore, foreign licenses should be exempted from tariffs in every case.

The handling of tariffs in the case of software products is also contrary to the interests of technical development. Software is also a high technology product, justifiably it also should be exempted from tariff. This had indeed been the practice as long as the software was imported on paper. But, with advanced techniques, this is an exception today. In current practice, other media (magnetic tape, cassettes, disks) are being used increasingly. However, in the case of software imports, the customs offices employ the practice of setting tariffs in effect for media, but they use as taxable value the purchase price of the software not the value of the blank media. The tariff practice applied to software must be reconciled with the development which had taken place. The current procedure cannot be justified either in terms of foreign trade or industrial policy interests.

In the years to come, no regulation can be recommended which would result in additional, considerable lowering of the tariff level over and above the obligations assumed at the Tokyo Conference. But the tariff ratios can be improved without noticeable increase in imports, and without hurting the trade and manufacturing policy interests. This could provide improved conditions for technical development at least with respect to the most modern techniques and high technology.

Duty Free Enterprises

Inasmuch as the enterprises and cooperatives possess sufficiency working capital, the system whereby duties are assessed in anticipation of completed processing should be abolished with the exception of products imported under the label of leased labor. Instead, a system of refunding average duties should be instituted which would be dependent on the foreign exchange intake and would be set for individual enterprises (or industrial branches). (This would also promote import savings.) However, because a rapid improvement in the financial condition of the enterprises cannot be expected, a series of simplifications should be made in the current regulations including such changes that not the amount of the merchandise but its value should be the basis for duty assessment. Large enterprises which process a considerable amount of imported material and market a large portion of their production under convertible accounting should be declared duty free enterprises and thus regulations valid for duty free zones could be applied to them. It would be essential to apply the simplified procedure of assessment in anticipation of completed production to parts imported from capitalist sources for purposes of export in convertible trade.

In cooperative procedures the regulation should be modified in such a manner that the merchandise imported during the contract period should enjoy a 50 percent duty reduction; the reduction should be extended not in the form of duty refund but at the time of customs inspection of the import, under the provision that completion of the export during the contract period subsequently must be certified.

For rented or leased imported goods, it would be advisable to reinstitute the possibility of anticipatory duty assessment, but at least those goods which arrive for trail purposes should be handled in this manner. It also should be guaranteed if goods imported in such a manner are ultimately purchased in Hungary, then in accordance with the General Agreement on Tariffs and Trade (GATT) code of tariff values, tariff should be based on the value of this transaction.

* National Technical Development Committee (OMBF) study No 23-8201-Et, titled: "Some Problems of the Modernization of State Guidance for Technical Development" Based on data of the study, the summary report was written by Dr Otto Gado.

** On the topic see the article by Dr Otto Gado: "Will MUFA Have to be Dissolved?" in FIGYELO No 2, 1983.

*** On tariff policy, see also the article by Miklos Breitner: "Also Researching the Financing" in FIGYELO No 17, 1982.

2473

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NEW ENTREPRENEURIAL FORMS STRUGGLING IN SERVICE SECTOR

Budapest MAGYAR HIRLAP in Hungarian 15 Mar 83 p 5

[Interview with Miklos Siman, director of the Service Research Institute, by Karoly Ban: "The Struggle of the Service Industry: Competition Needs Competitors;" place and date not given]

[Text] The reforms introduced in the third sector the last two-three years have beneficial effects on the economy. The new forms of enterprise and free pricing are being allowed in the service industry as well; but there is still a great struggle behind the curtains for an organizational reform. Several companies (e.e., in the 104 stores of the Marketing Enterprise for Optical, Fine Mechanical and Photographic Items) have introduced a system of profit interest. Things being to roll. This is in the consumer's interest although, quite frankly, the consumer is still unaware of it. The struggle was discussed with Miklos Siman, director of the Service Research Institute.

Third sector? We are using this term in this article for denoting the economy's infrastructure and all services. The third sector, as its name reveals, followed the development of farming and industry in economic history. The infrastructure includes that part of national assets which does not produce and does not consume but without which the trio of production-distribution-consumption is unthinkable. Everything is infrastructure--or service--that cannot be included in industry, the construction industry and farming.

[Question] The number of complaints about the services is increasing among the complaints received by the People's Control Committee. Is it because people are becoming less tolerant?

[Answer] The explanation is simple: when incomes are not increasing, living conditions become more important, and these in turn are greatly influenced by the services. The services thus became more valuable, and since the branch can only partially meet the demand, the flaws become more

apparent. The other cause of the dissatisfaction is of a structural nature. In the last decade the mechanization of households has increased significantly, there are many new products on the market, and the demand for warranty repairs increased. On the other hand, the majority of families was forced in the last two or three years to adopt a less wasteful lifestyle, resulting in the postponement of purchases; thus the demand for non-warranty repairs has also increased. The service industry was unable to keep up with this demand.

[Question] Do we have a low capacity for repairs?

[Answer] I would not say that. The demand for services is, as a whole, being met. At least quantitatively. There are, of course, areas of scarcity, and areas where the capacity is higher than the demand. There is an especially acute scarcity in home construction and maintenance or in the supply of telephones. On the other hand, rail transportation is overdeveloped although this resulted partly from unjustified cross-transportations. But, concerning the quality of the services, it is a fact that they are beneath contempt in many areas...

[Question] How do you view this unfolding?

[Answer] The limited financial resources have a great effect on the third sector. Mainly because we arrived in several areas of the service industry, to the threshold where the capacities cannot be further extended, the string cannot be further stretched. There is a continuous debate going on between the industrial, agricultural and service branches about how much money each of them should be allotted. I can refer only to those arguments which support the service industry. First, it is an investment with almost no risk, for the money cannot be allotted to the wrong place: there are great shortages. Second, the inadequacy of the services has a negative effect on both production and consumption. Third, it is easier to gain the population's support for a service investment; people are ready to contribute to a sensible cause. Unfortunately, the management of service expansion today is overly centralized: the state often undertakes investment projects which should be implemented under market conditions or with the use of the population's capitals. The "higher" the level on which a decision is made the more difficult it is to activate the gray brain cells at the location involved.

[Question] Consumer services, which are directly connected with the consumers, must be flexible and sensitive to the market. This speaks for the small enterprises.

[Answer] There have been some who thought that the proliferation of small enterprises will come about naturally in the consumer services. They were wrong. In the areas where the state does not interfere, the mammoth organizations are holding on. We must accept the fact that no one will say: "I am not needed..." It is well-known that 130-140 autonomous small enterprises were established through the Industrial Trust for Auto Maintenance and the Electrical Maintenance Enterprise of the Machine Industry; and I would add that this was done under much pain.

[Question] Perhaps because, from the aspect of leadership prestige, the size of an enterprise still means more than efficiency?

[Answer] This is only one reason for the difficult births. Another one is that good enterprises are not allowed to become independent from the mammoth organizations; the lesser ones would be allowed but they do not want to separate. Regarding the large organizations, it seems to me that they are affected less by the market, perhaps because they still do not believe that they, too, can go bankrupt. Smaller units are affected more; they are numerous today except where it would be the most important: in the consumer services. Real competition takes place only in the services of the construction industry where moonlighting and the do-it-yourself movement means competition.

The services constituted 22 percent of the gross national production last year. Taking this as 100, the distribution of the various branches is as follows:

transportation/communication	22
trade	31
water management	2
personal/economic services	13
health/social/cultural services	17
communal/public services	15

[Question] It is an indisputable fact that it is the service industry where there has been the least amount of enterprise. What is the cause of this?

[Answer] First, it is still more profitable to moonlight than to be in business. Small entrepreneurs must pay taxes on half of their material-free incomes. I am sure that if taxes would be lower, today's moonlighters would also join the ranks. This would be beneficial for the state, too, for it would have a better quality control. At present the main obstacle of this control is that it would only increase the shortages, for one-third of the demand is being met by moonlighters. And the enterprises, too, could take a more decisive stand, for they know that much moonlighting is taking place during working hours and with enterprise material. But, for the time being the enterprises tend to close an eye afraid that their best workers will desert them...

[Question] Putting a few exceptions aside, the services, too, are dominated today by free prices. Many people expected a miracle from this, saying that the service industry will not be interested.

[Answer] Free pricing means guiding prices in practice, and these do not always express market values. We have made a survey which showed that a shop may charge the customer twice as much for the same work as another without being guilty of evading fixed prices. Repair services are individual and complex, the consumer does not understand them, consequently accepts the prices--what else could he do? This could be solved if

repairmen would charge overhead hourly wages in addition to the cost of material. Working time is the only standard which the citizen can understand, consequently this method would make public control possible.

[Question] Services have said for years that there will be quality when there will be interest. There is not interest but quality has not improved a bit. Why not?

[Answer] Only competition improves quality. Where there is competition, e.g., in floor fixing or taxi service, both prices and quality are acceptable. By the way, the quality of the services is extremely complex. The driver's anecdote is well-known: the repairman fixed the car with a single blow of a hammer and asked 100 forints for it. The driver exclaimed angrily, "How can you charge 100 forints for this?!" The repairman's answer is that the blow was only 2 forints, but his knowledge of where exactly to hit was 98 forints.

Proportionate share of the third sector in the economy (per 100).

Year	Number	Fixed Assets
1950	25	73
1960	27	65
1970	32	58
1980	38	53
1983	40	52

[Question] The number of workers in the services shows a worldwide increase, especially in the industrial states. And in our country?

[Answer] Forty percent of the wage earners are working the third sector. According to estimates, this will go up to 50 percent by the end of the century, thus every other man will work in the services. In my opinion, this already today would present new demands in our training system, but at present few people reckon with it. Today the repairman should not only be taught where to hit with the hammer but also how to deal with the customer, what buyer psychology is. For this is part of quality.

9414

CSO: 2500/183

NEED FOR GREATER FREEDOM IN FINANCIAL, DECISION-MAKING MATTERS

Budapest MAGYAR HIRLAP in Hungarian 3 Mar 83 p 8

[Interview with Dr Zoltan Gal, subunit chief of the party's Central Committee: "Where Is the Organization of Councils Now? Chances of Local Autonomy." Date and place not given.]

[Text] The Hungarian council organization has been in the last years going through a continuous renewal, modernization and simplification. The question will be unavoidable: how long can the organization be in "constant motion"? Or if this motion is necessary, what justifies it? What kind of earlier decisions affect the improvement of council work, i.e., what can be learned retrospectively from the necessary detours? We were discussing this, and the council organization's most important tasks, with Dr Zoltan Gal, subunit chief of the party's Central Committee.

[Question] Let us begin with the main characteristics of the past ten or fifteen years. What are they?

[Answer] No doubt, the demarcation line is the stand of the Central Committee and the Council of Ministers they took at their joint meeting in April 1970, and the resulting third law of councils. We all know now why. But it is important to establish that the past, present and future work of the councils cannot be evaluated without considering the society's given condition, the direction of its development, and without clarifying what society can--and does--expect from the councils and vice versa. In the above period a council law was needed within the framework of which the organization and activity could be coordinated with the direction of social development that was then centrally determined. Saying it more simply, a "stand" was needed which simultaneously guaranteed the implementation of the central will and local autonomy. The principles related to the definition of the councils' place and role and to the cooperation between the central and council organs were similar to the tendencies of processes taking place in other areas of our social and economic life, i.e., they influenced the main direction. The years showed that this approach was right. Although not without contradictions and difficulties, it freed such energies and started such beneficial processes which became--and still are--indispensable from the viewpoint of our social and economic life as a whole.

Instead of Flag Waving

[Question] Thus it is not possible to look at the council organization by itself, without reference to anything else--this is natural. And it is also natural that we must compare it with the given stage of socialism and its concrete tasks and goals. But is the reverse also true? That is, if social development entails temporary difficulties, must be "restrained?" the work of the councils unavoidably.

[Answer] True, it seems almost redundant to say that the councils must follow social movements. But this is easier said than done. In connection with this, let me return to the question raised in the introduction: how long can the organization be in constant motion? I think, precisely because the organization, the definition of authority and the work style, etc., must follow the changing circumstances, we cannot reckon with an ideally balanced situation in this regard in the future either although we know that everything has its own problems and difficulties but it would be a mis-ake only to wave the flog of stability in referring to them. Regarding "restraint": if we think of the glamorous investments and developments of the early 1970's which affected almost every branch, then in this sense--but only in this sense--I must answer the question affirmatively, at least in reference to the present and the imminent future. It is also certain that in such a situation certain "reflexes" of centralization may become stronger--with many supportive arguments. But I think that the goals formulated by the 12th congress, the further development of the socialist democracy, the intensification of society's socialistic attributes, and the improvement of the population's living standards can be implemented only through the responsible and active participation of the council's important prerequisite of which is their greater autonomy. In my opinion, the characteristics of the present period of our development point to an appreciation--if I may use this term--rather than a restraint of the work of the councils.

In the Foreground: the City and the Town

[Question] Let us concentrate in the following part of our discussion on a key word--which includes hundreds of various concepts--which is: autonomy. City and town councils have currently been under cross-fire of debate. "What are the rights today of a local organization? In the present system of distribution almost everyone dictates and prescribes everything to us, how could we speak of autonomy here or of the responsibility of an elected representation?" many people ask.

[Answer] I totally agree with autonomy as a key word if another concept is added to it, that of responsibility. Citizens may live in Borsod, Szabolcs or Somogy megye, in Transdanubia or the Great Plain but they live in a certain residence. Thus if we expect or ask them to participate more in the development of that residential area, then we must also create the conditions for that, mainly through the expansion of the rights and the possibilities of the municipal councils, including financial questions as well. Only this way can we build an adequate political and

moral basis for the population to identify even more with the destiny of its home place and to participate in its activities. The expansion of the local councils' field of action is also a condition for the representation of the interests of residences at the megye council. And since the good or bad work of the organization, the officials and the apparatus become more apparent for the population through a greater autonomy, its interest and role in controlling the councils will no doubt increase. I do not think it is necessary to further elaborate on the political significance and merits of this. I think, then, that the main immediate task in improving the work of the councils is to remove, as much as possible, all obstacles blocking the increase of the weight and role of the municipal councils and at the same time create the conditions for these councils to become even more the actual and responsible leaders of the people living there.

[Question] Is "risk", for example, included in this concept?

[Answer] Of course! All kinds of autonomy include, from a certain aspect, some risk. For example, we cannot expect that all decisions made by all councils will be beneficial for all branches. By the way, this is not the case now either. There will be, no doubt, some conflicts in the future as well. But the social and political risk would be much greater were we not confident in the maturity of the local councils and were we not trying to eliminate the attitude of "I will take care of you". At the same time, it is no accident that I emphasize: autonomy and risk are related categories. For autonomy is hardly a one-way street, it includes not only rights but also duties and responsibility. By the way, it is my conviction that the local councils will be able to use their rights adequately, to assess their possibilities realistically, to become even more open to the citizens, and to coordinate their efforts with the goals of the entire society. The organizations have become mature and grown-up enough that we can be confident in this. Of course, our tolerance level--as well as the style and means of the central and megye management--must be adjusted to the increasing role of the local councils.

[Question] This justified confidence may, however, still raise several doubts. For example: What is the present stage of council democracy? How big is the decisive role of the organizations in practice? How prepared are the council members?--and so forth. I think, we can hardly speak of independence and autonomy without these.

[Answer] I do not think it is possible to answer everything within this conversation. Particularly since several aspects of the question inherently lead beyond the council organization. I think we can state with confidence that the work of the councils became much more open in the past years, and the public relations of the councils became more intensive. The fact that significant social programs were implemented in the past years with less money speaks for itself. In spite of this, there are many tasks. In order to improve the prestige of the organizations, it would be necessary, for instance, to analyze the relationship between the leadership and the organization. We were saying a few years ago: the

organization should not deal with details but should relinquish certain powers to the executive committee, i.e., the leadership. But it seems that we have gone to the other extreme now: the effort above has been so successful that the representative organ exercises its "authority"--with a little exaggeration--by relinquishing it to the executive committee. The other constant topics are: Are the council members active? Do they understand their work? Is there too much bureaucracy? I would not protect the council members so much either from work or from paper! Of course, if our goal is that everyone make decisions according to his mental capacity, heart and interests, then no one should try to tell "from above", for example, how many pages of proposals should be presented to town councils. No one would want to do their thinking for them. In my opinion, the council members are capable of fighting their own way for the good of the community on the basis of their authority as its representatives. Our social conditions and public life do create the necessary conditions for this.

Autonomy is Multifaceted

[Question] In closing, let us hear a few thoughts on autonomy.

[Answer] It is often heard in the council circles: no money, no autonomy. It is my conviction that this cannot be approached this way. What kind of autonomy is familiar only with investments and construction and pays much less attention to public life, for example, the matters of school education, culture, people's spiritual life? I could go on. These responsibilities should not have been considered in the past as secondary, so much the less should they be considered as such in the future. In summary: The program of a decisive and consistent improvement of the councils' work has been formulated in the various party decisions, and its implementation is already in progress. The goal is to be consistent in this implementation on the basis of the experiences and opinions of the council members and the leadership.

9414

CSO: 2500/183

OFFICIAL SCORES PRICE SETTING FORMULAS, PROPOSED PRICE INCREASES

Warsaw TYGODNIK ROBOTNICZY in Polish No 8, 20 Feb 83 p 6

[Article by Grazyna Garlinska: "The Struggle Between David and Goliath"]

[Text] In the face of "a price race", which is taking place in our market, the consumer feels completely helpless. He pays whatever price is asked for his goods without a murmur. The Public Price Commission is trying to defend the interests of the consumer, who is lost in this price mess. The commission was appointed by the Consumers' Federation a year ago

We spoke with the secretary of the Public Price Commission, Marian Gorski, about its activities. Dr Gorski is also a tutor in the Administration Department at the University of Warsaw.

[Question] Do you feel that you are needed?

[Answer] I think so. We became convinced of this when we were on the radio. About 500 people would call us in a period of several hours and ask about the most varied subjects. Most often, they would ask why prices are rising while the quality of goods keeps going down in the meantime, from one day to the next. They cited specific examples and asked us for help.

We also would receive many letters. There were especially a lot of them dealing with the so-called "price shock". Investigative activity dominated then. We settled certain items ourselves; others we passed on the various "competent" agencies. We now receive fewer letters. It seems that people have adopted a wait-and-see attitude.

[Question] Or maybe they no longer believe in the efficiency of your activity? What have you succeeded in settling up until now?

[Answer] Well, to be sure, there were more issues which we could not settle as opposed to those which we could. However, let us begin with our successes. We reached a point when manufacturers were returning payments to customers

for standard furniture purchased earlier, when prices went down in the spring of last year.

Usually, payment for services commissioned before the end of last year was required according to new prices. Many examples of selling goods at high prices, manufactured before price increases, also caused indignation among the consumers. We also settled this in favor of the consumer.

Thanks to our intervention at the Office of Pricing, the price of goods for sick and disabled people were lowered, among other things, for rehabilitation equipment - orthopedic footwear and devices for measuring blood pressure. We were successful in gaining changes in children's articles. Many articles became inexpensive because manufacturers did not have to pay the turnover tax, others were subsidized. As a result of our initiative, the Office of Pricing Setting expanded considerably the list of regulated prices, which, as is the duty of the Public Pricing Commission, worked to the advantage of the consumer.

[Question] Don't you think, however, that a further introduction of regulated pricing will frustrate the incentive for effective management at the enterprise?

[Answer] Yes and no. If an enterprise abuses its authorization, then it is time to straighten it out. And this is also not suitable for reform. It is even, I would say, a move "for reform", since one of the most extensive precautions over reform is inflation, which is "released" especially by reform activity. If reform is advanced too far and the public does not accept it, then the authorities can state it so in the name of the public one fine day. Enough of this reform. No one wants reform if only prices rise. Even the most perfect economic-financial system will have to fall if it produces inflation. On the other hand, if they fight reform, then it will be viewed as a proof that reform is a part of this phenomenon. For this reason, the penalty for the regulated prices of these enterprises which fan inflation is a move "for reform", not against it.

It is another matter how the minister uses his authority for pricing in the area of regulated prices. Unfortunately, many different things happen here. An example. In the cooperative, "Pinokio", it was "revealed" that the plant uses a 60 or 70 percent profit rate in its pricing for gum whistles (toys for children). But this ended for them when regulated pricing was introduced. It has turned out, however, that this was not the best example, because this cooperative produced its product with secondary resources and for this reason, the costs were lower here than for other producers. Also, for this reason, the profit rate was higher. The result was a lowering in the price of these whistles by 1 or 3 zloty from around 45 zloty. Thus, the scale of change in comparison to the amount of noise raised over the issue was not very great. Therefore, I constantly repeat myself in that the minister should use his authority only in well-thought out instances.

[Question] After a year's activity, have you succeeded in influencing any plant to change its pricing policy vis-a-vis its product?

[Answer] That happens rarely. However, it does happen that manufacturers do react to our comments. Those were decisions, however, which did not concern your everyday articles; those price changes which did occur because of our comments turned out to be only marginal.

[Question] What data determine how you will deal with the manufacturers?

[Answer] Generally, it is the consumer who informs us of new prices. We then watch the indicated item for a time and if the consumer's comments are substantiated, then we send a memo to the Office of Pricing suggesting that the article's price be lowered. Or we might approach the manufacturer and ask him how much it costs to produce the item.

[Question] And does the manufacturer cooperate?

[Answer] Yes, he does. He probably figures that there is not much we can do to him anyway.

[Question] And can you do anything to him?

[Answer] Not really. The manufacturers who accept our comments can only gain by it. We are letting them know more quickly than the market that there is a problem. Also, it is their attempt at good will.

On the other hand, our experience has shown us that it is difficult to uncover any real wrongdoing in price setting on the basis of analysis. We cannot say that this or that enterprise is cheating because these or those figures are incorrect, mistaken, or falsified. The problem is that the costs inherent in these calculations are very high, and they are high because the enterprise actually has to bear them. The most important determination is whether these high costs are justified or are the result of only waste, poor organization, etc. This can only be determined by observing what is going on at the enterprise over a period of time.

However, higher prices can also be the result of a too high profit rate. Profit is determined to be only 20 percent in regulated prices; on the other hand, there is no limit when prices are agreed upon. It is not easy to say that a 30 or 50 percent profit margin is too high or acceptable for any particular article. The profit also depends on the type of article and the situation at the enterprise. When one is only calculating or analyzing, it is no easy to see all of these variables.

[Question] Do you only consider the manufacturer's finished product when setting prices?

[Answer] Of course not. The entire commercial cycle influences the price level: commerce takes its share, the state collects its tax and the manufacturer has his costs and also wants a profit. From the start, it seems to us that there is just one huge mess in these matters. For instance, the commercial profit margins for particular goods are extremely differentiated. These differences are not based, however, on costs, which commerce has to spend to sell its goods. We repeatedly checked into this.

The tax policy also raises doubts. If one looks at the burden caused by the turnover tax on particular goods, then it is difficult to discover any real substantiation for it on principle.

There is a 50 percent turnover tax for razor blades and only a 30 percent turnover tax in the price of hunting weapons. Where is the substantiation for this?

We would like to see the individual components of any price made clear. There would then be no rash adoption of a decision on the size of the profit margin or turnover tax. Another example. In September of last year, the minister raised the turnover tax rate for many articles labeled at luxury. Among these were articles of everyday use such as outdoor footwear with leather tops, scissors and bandages for shaving, "Bryza" laundry powder and watches. We submitted our reservations on this matter not only on its merits but also formally to the finance minister. We also submitted a request for a clarification of the price components. Both our reservations and request also went to the Office For Pricing and the Sejm.

[Question] What is your opinion on the recently proposed price increases? Were you consulted?

[Answer] Yes, we spoke with Minister Krasinski about them. We do not care for these new increases. We have deviated from real price reform, with which many hopes were tied. After all, this was to be one of the mechanisms of reform which was to have had an effect on quality, supply, etc. This is also what happened in the 1970s and their incredible increases. The recent increases are of exactly the same nature. Prices have ceased to be regulators of reform. They have become the accepted way of exacting money. And this is only our first reservation.

Our second: these price setting decisions do not protect the least well-off businesses. A certain quantity of alcohol and cigarettes makes up an everyday food basket. A price increase in alcohol, therefore, leads to an increase in the daily expenses of every family, including those most impoverished.

A third consideration: In our opinion, this decision also propels the general inflation mechanism forward. This is chiefly associated with the price increase for gasoline. Gasoline is not, as some would say, a luxury item. A price increase in gasoline will inevitably result in price increases in eggs, grain and the like, because farmers' production costs will also rise. A price change for gasoline will influence essentially the production profitability of the entire service area - both for those who produce privately as well as for the state. In a word, this price increase will affect the prices of other commodities.

[Question] What are your plans for the future?

[Answer] Above all, we would like to influence more effectively the national policy for price setting. We would like to see that our opinion count for something when decisions affecting the market were made. Our opinion would certainly mean more if the Public Pricing Commission activity remained within legal parameters.

We thoroughly analyze different pricing problems at our commission's meetings; we then send proposals to the Office of Pricing, the finance minister and other competent agencies. We are sorry, however, that none of our proposals has been acted upon. We hope that this will change in the future.

[TB] Thank you for the interview.

12247

CSO: 2600/563

SPECIAL CURRENCY EXCHANGE RATE TABLES PUBLISHED

Exchange Rate Table No 11

Warsaw TRYBUNA LUDU in Polish 14 Mar 83 p 7

[Text] Announcement of Exchange Rates Table No 11/83, effective 14 March 1983, by Leszek Urbanowicz, for the president of the Polish National Bank, on 14 March 1983.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,926.39 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

[Table on following page]

Exchange Rates Table No 11/83

Country	Curr Symb	Currency	Foreign Exchange		Money		Aver- age
			Pur- chase	Sales	Pur- chase	Sales	
			4	5	1	2	
Saudi Arabia	771	1 rial***	24.84	25.08	--	--	24.96
Australia	781	1 Aust. dollar	73.35	74.09	72.25	75.19	73.72
Austria	786	100 schillings	508.58	513.70	500.92	521.36	511.14
Belgium	791	100 francs	181.33	183.15	178.60	185.88	182.24
Denmark	792	1 kroner	9.94	10.04	9.79	10.19	9.99
Finland	780	1 markka	15.87	16.03	15.63	16.27	15.95
France	793	1 franc	12.53	12.65	12.34	12.84	12.59
Greece	724	100 drachmas	103.07	104.11	89.34	105.66	103.59
Spain	785	100 pesetas	65.01	65.67	64.03	66.65	65.34
Holland	794	1 florin	32.23	32.55	31.74	33.04	32.39
India	543	100 rupees***	860.46	869.10	--	--	864.78
Ireland	782	1 pound***	118.13	119.31	--	--	118.72
Japan	784	100 yen	36.02	36.38	35.48	36.92	36.20
Yugoslavia	718	100 dinars	102.22	103.24	88.60	104.78	102.73
Canada	788	1 Can. dollar	69.85	70.55	68.80	71.60	70.20
Kuwait	770	1 dinar***	292.71	295.65	--	--	294.18
Lebanon	752	1 pound	20.94	21.16	20.63	21.47	21.05
Libya	651	1 dinar***	288.61	291.51	--	--	290.06
Luxembourg	790	100 francs	181.33	183.15	178.60	185.88	182.24
Norway	796	1 kroner	11.97	12.09	11.79	12.27	12.03
Portugal	779	100 escudos	91.88	92.80	79.63	94.19	92.34
FRG	795	1 mark	35.74	36.10	35.20	36.64	35.92
United States	787	1 dollar*	85.44	86.30	84.15	87.59	85.87
Switzerland	797	1 franc	41.72	42.14	41.09	42.77	41.93
Sweden	798	1 kroner	11.49	11.61	11.32	11.78	11.55
Turkey	627	100 pounds	38.83	39.23	33.66	39.81	39.03
Gr. Britain	789	1 pound**	128.81	130.11	126.87	132.05	129.46
Italy	799	100 lira	6.04	6.10	5.24	6.19	6.07
Iran	646	100 rial***	100.72	101.74	99.21	103.25	101.23

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Iran.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

Exchange Rate Table No 12

Warsaw TRYBUNA LUDU in Polish 21 Mar 83 p 4

[Text] Announcement of Exchange Rates Table No 12/83, effective 21 March 1983, by Leszek Urbanowicz, for the president of the Polish National Bank, on 21 March 1983.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,835.29 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

[Table on following page]

Exchange Rates Table No 12/83

Country	Curr Symb	Currency	Foreign Exchange		Money		Aver- age
			Pur- chase	Sales	Pur- chase	Sales	
			4	5	1	2	
Saudi Arabia	771	1 rial***	24.74	24.98	--	--	24.86
Australia	781	1 Aust. dollar	74.76	75.52	73.64	76.64	75.14
Austria	786	100 schillings	509.76	514.88	502.07	522.57	512.32
Belgium	791	100 francs	188.02	189.90	185.18	192.74	188.96
Denmark	792	1 kroner	10.03	10.13	9.88	10.28	10.08
Finland	780	1 markka	15.87	16.03	15.63	16.27	15.95
France	793	1 franc	12.76	12.88	12.56	13.08	12.82
Greece	724	100 drachmas	102.50	103.54	88.84	105.08	103.02
Spain	785	100 pesetas	65.47	66.13	64.48	67.12	65.80
Holland	794	1 florin	32.32	32.64	31.83	33.13	32.48
India	543	100 rupees***	859.38	868.02	--	--	863.70
Ireland	782	1 pound***	118.94	120.14	--	--	119.54
Japan	784	100 yen	36.05	36.41	35.51	36.95	36.23
Yugoslavia	718	100 dinars	105.03	106.09	91.04	107.67	105.56
Canada	788	1 Can. dollar	69.58	70.28	68.53	71.33	69.93
Kuwait	770	1 dinar***	291.47	294.39	--	--	292.93
Lebanon	752	1 pound	20.21	20.41	19.90	20.72	20.31
Libya	651	1 dinar***	287.17	290.05	--	--	288.61
Luxembourg	790	100 francs	188.02	189.90	185.18	192.74	188.96
Norway	796	1 kroner	11.98	12.10	11.80	12.28	12.04
Portugal	779	100 escudos	91.48	92.40	79.29	93.78	91.94
FRG	795	1 mark	35.85	36.21	35.31	36.75	36.03
United States	787	1 dollar*	85.08	85.94	83.80	87.22	85.51
Switzerland	797	1 franc	41.71	42.13	41.08	42.76	41.92
Sweden	798	1 kroner	11.53	11.65	11.36	11.82	11.59
Turkey	627	100 pounds	40.04	40.44	34.71	41.04	40.24
Gr. Britain	789	1 pound**	128.64	129.94	126.70	131.88	129.29
Italy	799	100 lira	6.07	6.13	5.26	6.22	6.10
Iran	646	100 rial***	100.30	101.30	98.78	102.82	100.80

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Iran.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

Exchange Rate Table No 13

Warsaw TRYBUNA LUDU in Polish 28 Mar 83 p 7

[Text] Announcement of Exchange Rates Table No 13/83, effective 28 March 1983, by Leszek Urbanowicz, for the president of the Polish National Bank, on 28 March 1983.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,883.24 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

[Table on following page]

Exchange Rates Table No 13/83

Country	Curr Symb	Currency	Foreign Exchange		Money		Aver- age
			Pur- chase	Sales	Pur- chase	Sales	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	25.02	25.28	--	--	25.15
Australia	781	1 Aust. dollar	74.48	75.22	73.35	76.35	74.85
Austria	786	100 schillings	508.11	513.21	500.45	520.87	510.66
Belgium	791	100 francs	180.44	182.26	177.72	184.98	181.35
Denmark	792	1 kroner	10.04	10.14	9.89	10.29	10.09
Finland	780	1 markka	15.91	16.07	15.67	16.31	15.99
France	793	1 franc	11.96	12.08	11.78	12.26	12.02
Greece	724	100 drachmas	102.83	103.87	89.13	105.42	103.35
Spain	785	100 pesetas	63.76	64.40	62.80	65.36	64.08
Holland	794	1 florin	31.96	32.28	31.48	32.76	32.12
India	543	100 rupees***	865.93	874.63	--	--	870.28
Ireland	782	1 pound***	112.67	113.81	--	--	113.24
Japan	784	100 yen	36.00	36.36	35.46	36.90	36.18
Yugoslavia	718	100 dinars	104.34	105.38	90.43	106.96	104.86
Canada	788	1 Can. dollar	70.34	71.04	69.28	72.10	70.69
Kuwait	770	1 dinar***	294.37	297.33	--	--	295.85
Lebanon	752	1 pound	20.60	20.80	20.29	21.11	20.70
Libya	651	1 dinar***	290.74	293.66	--	--	292.20
Luxembourg	790	100 francs	180.44	182.26	177.72	184.98	181.35
Norway	796	1 kroner	11.97	12.09	11.79	12.27	12.03
Portugal	779	100 escudos	92.06	92.98	79.79	94.37	92.52
FRG	795	1 mark	35.64	36.00	35.10	36.54	35.82
United States	787	1 dollar*	86.08	86.94	84.78	88.24	86.51
Switzerland	797	1 franc	41.57	41.94	40.90	42.56	41.73
Sweden	798	1 kroner	11.47	11.59	11.30	11.76	11.53
Turkey	627	100 pounds	39.26	39.66	34.03	40.25	39.46
Gr. Britain	789	1 pound**	126.84	128.12	124.93	130.03	127.48
Italy	799	100 lira	5.98	6.04	5.18	6.13	6.01
Iran	646	100 rial***	101.47	102.49	99.94	104.02	101.98

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Iran.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

CSO: 2600/717

INFORMATION SYSTEMS VITAL TO WORKING OF ECONOMIC MECHANISM

Bucharest ERA SOCIALISTA in Romanian No 24, 25 Dec 82 pp 16-18

[Article by Prof Dr Ilie Vaduva: "Effectiveness Under the New Economic-Financial Mechanism"]

[Text] As Nicolae Ceausescu said in his Report to the National RCP Conference, "We must understand that application of the new economic mechanism means that every unit must operate on the principles of self-management and self-administration profitably and with economic effectiveness."

Highly effective use of social labor resources is characteristic of a balanced economic growth, and it is a prime necessity now that Romania is committed to the broad revolutionary process of transition to a new quality in all activities. This necessarily means that the output of material goods must be increased and diversified, and the widest possible range of use values meeting Romanian society's constantly growing demands qualitatively and quantitatively must be obtained, with a high social and economic effectiveness and more productive use of raw materials on the basis of a high labor productivity and with the lowest possible costs per unit of output and of useful effect.

As Party Secretary General Nicolae Ceausescu said in his Report to the National Party Conference, a high economic effectiveness ultimately determines the extent of accumulation and the proportions and intensity of expanded reproduction and, consequently, the more intensive development of material goods production and improvement of the entire people's living standard. This view actually lends measure and substance to the party secretary general's rule that economic effectiveness is indispensable to any socioeconomic activity.

The measures taken like application of the new economic mechanism and improvement of the price correlation, for example, made it possible in all areas of material goods production to conduct a profitable activity based on extensive use of the economic-financial levers. By permitting emphasis on the intensive, qualitative factors, this enables the enterprises to produce more and better and in a high quality at the lowest possible costs per unit of output, which ultimately means higher net incomes for the enterprises and a higher national income as the basis of social progress and prosperity. Therefore there are no longer any reasons why an enterprise or a given activity should be unprofitable unless

the respective collective mismanages the material and financial resources entrusted it by society, manufactures products with heavy inputs of raw materials, materials and energy resources, or uses old and highly energy-intensive technologies. Accordingly the substantial growth of economic effectiveness depends on whether every worker, whether he is a laborer, engineer, technician or economist, makes the same effort to make better use of raw materials and reduce the specific inputs, to conserve fuels and electric power, to replace old, energy-intensive technologies and to rapidly promote the highly reliable and more productive products of light weight that he does to fulfill the production tasks.

The increasingly rapid economic growth rate imposed by the scientific-technical revolution makes it necessary to promote the most efficient methods of production management and socioeconomic forecasting. In view of the proportions and complexity of material goods production in Romania today, scientific management and high profitability are impossible without information systems to help in the performance of the functions of the economic mechanism.

The role of information has increased so much that the results of economic activity directly depend on whether the managers have the data at their disposal that are needed to fulfill their responsibilities and functions. Therefore from the standpoint of management science both making and implementing decisions and, in general, any human action require precise, adequate and well-organized information supplied at the time when the respective process calls for it.

The way the information system affects any kind of activity is indicated not only by the growing complexity of the problems management has to resolve on the microeconomic and macroeconomic levels and the intensified social division of labor, but also by the greater interdependence of the national economies due to diversification of the international division of labor. The latter is an objective process, but it is going on against the background of the acute and prolonged world crisis in raw materials, complicating the restrictions appearing in the world economic cycle and requiring adjustment of the operating mechanism of the national economy to the new national and international conditions. This makes it vital to maintain the economic-financial balance through precise evaluation of domestic resources and their efficient use to accomplish an effective exchange of activities on the foreign market. And this requires information conveying as complete a picture as possible of the technical-scientific, economic and social-political factors both for the current period and especially for the long-range one, so that the most effective developmental strategy can be adopted to avoid the bad effects caused for objective or subjective reasons by any kind of crisis.

The party's and state's constant effort to substantiate and apply an effective strategy for rationalizing socioeconomic development is fully integrated with the system of economic information on every economic phenomenon and process and the evolution of the national economy as a whole. In stressing the necessity of high economic effectiveness in organization of the national economy and development of the productive forces on the basis of current scientific and technical advances, Nicolae Ceausescu said in his Report to the National Party Conference that this objective "requires better financial discipline and order in all units and sectors of activity. Every socioeconomic unit and every sector must have a budget of incomes and outlays and provide for its self-financing."

Born of the necessity of fostering and encouraging efficiency, quality and competitiveness in all sectors of socioeconomic activity, the new mechanism can operate most productively only with precise information on the resources that can be placed in economic circulation and the way they are expended, as well as the useful results obtained and the effectiveness of the effort made. And as it was determined during the proceedings of the National Party Conference, a number of reasons for disruptions or difficulties in the operation of the economic mechanism are to be found in the faulty economic information service on various organizational levels and inadequate use of the information in investigation, management and decision-making.

All that makes it necessary to meet some requirements upon which optimal operation of the information system depends. Economic information must reflect the nature of the economic phenomena and processes and the prevailing trend in their evolution. It must be factual, indicating the good or bad results as well as the reasons for them, it must be based on uniform criteria for collecting and processing that will ensure compatibility of decisions on all organizational levels, etc.

Development of the role of the Uniform National Plan, accompanied by a shift of emphasis in substantiating the plan toward enterprises, counties and the other territorial-administrative units, is characteristic of the improvement of socioeconomic activity as a whole pointed out in Nicolae Ceausescu's Report to the National Party Conference. In this way national planning is combined as harmoniously as possible with regional planning, for purposes of making more effective use of the conditions created for proportional development of all areas and localities and for lessening the essential differences between city and village, between agricultural and industrial activity, and between physical and intellectual work. Under these circumstances, promotion of economic-financial self-administration and self-management as well as regional self-supply can help to concentrate efforts on the qualitative factors of production and better use of all material and manpower resources.

This involves the information system in every respect and brings out the need of harmonizing it with the requirements of the economic-financial mechanism. The efforts being made in this direction are noteworthy, but we do not think the improvement of the operating mechanism of the socioeconomic system by the transition to self-management, economic-financial self-administration, and regional self-supply, against the background of some sectorial and regional structural-organizational improvements, was adequately accompanied by suitable information systems to help carry out the basic management functions on every level. While the bodies on the national level, for example, have an adequate information system, the counties do not yet have a suitable information system available to them that would meet all the requirements and problems and enable them to make use of the advantages of self-management, economic-financial self-administration and regional self-supply. And as we know the requirements of regional socioeconomic development reveal the necessity of productive collaboration between the central and local organs, because that is the only way the plan can be realistically correlated with the resources and possibilities so that the regional plan as well as that of each enterprise will be based upon the actual technical and manpower potential and upon firm contracts concluded in advance for supply and sales of the output according to the criteria and demands of the new quality in socioeconomic activity.

The existence, especially in counties, of an information system inadequate to meet the new requirements has been and still is creating difficulties that hold up complete solution of the problems of itemizing and contracting for the output, application of the best measures for technical-material supply, observance of the deadlines in the schedules for cooperation, or starting construction of investment capacities on time.

Realistic substantiation of the plan is essential to application of the new economic-financial mechanism and every enterprise's development. According to the law, noteworthy efforts are made to draft the plan according to the possibilities and actual conditions of the enterprise. Yet some difficulties arise in applying the principle of drafting the plan for socioeconomic development beginning with the basic unit, or from bottom to top. Thus it happens that the harmful practice still persists whereby one ministry or another, instead of concentrating its efforts on substantiating the plan as realistically as possible, sends it to centrals while they in their turn assign it to enterprises, often ignoring their actual potentials and productive capacities. These practices are largely due to lack of valid information about the extent of use of the production capacities, the way the natural resources are used, the reserves of increasing labor productivity and lowering costs, and the evolution of the foreign market.

If the social productivity of workers self-management is to meet the requirements of transition to a new quality, the contribution of the existing information system must be developed to a point where it will provide for the complete performance of the functions of the collective organs and the workers general assembly. To be sure the volume of information provided by the report and balance sheet of the enterprise is useful, but it is general and postoperative in nature, and the information cannot be invariably involved in the operational management of the activity.

Experience tells us that in applying self-management and economic-financial self-administration to the particulars of the productive units and even inside them (departments, sections and work places), difficulties are caused by lack of information on the way the activity is conducted, the results obtained, and the causes of deviations. We have in mind, for example, lack of information to describe the stages of circulation of the enterprise's resources in their entirety and unity (procurement, production and sales). Elimination of such deficiencies would do away with the situations where some enterprises produce "for stock," that is they produce use values that have no sales assured by contract, which means a serious disruption of the economic circulation of the enterprises' resources with all the resulting bad effects upon profitability and the state's net income, upon consumers, and also upon renovation of the products and technologies. But with the necessary information the enterprises can analyze the contribution of each stage of economic circulation, identify the nature of the defects, and make sound decisions that will accelerate the rotation of the resources in all three stages (procurement, production and sales).

As we know the system of indicators of the newly created, net and final effects obtained on various levels is important in the application of the economic-financial mechanism.

In order to determine each enterprise department's contribution to fulfillment of the indicators and consequently of the plan, the information system's data must be organized to permit the most direct determination of the content of the respective indicator in proportion to the dimensions of the actual processes.

We stress here the necessity of determining the net and physical outputs not only on the enterprise level but also by manufacturing sections and work places, that of computing labor productivity in natural units, and that of indicating the level of specific consumption and the state of savings in materials by collectives and individuals. This eliminates the circumstances that can cause the net output to give rise to distortions, such as for example obtaining a profitability that does not reflect more productive work but artificial burdening of costs or change of varieties. Moreover each section's and even each work place's own effort to create the use values and raise the net income could be evaluated objectively. And a complete record according to sections, shops and men can encourage working personnel to make savings in raw materials, materials, fuel and energy, thus overcoming the present situation where lack of information impairs the efficiency of the efforts made in those areas. Similarly, elimination of the losses caused by failure to use the production capacities due to shortages of manpower or raw materials or by use of the wrong technologies requires complete information, especially on the shops, sections and factories, that will indicate the causes and bad effects as well as the economic and instructive implications. All this enables the enterprise managements to make effective decisions to eliminate such causes.

Self-management and self-administration require every economic unit to conduct an independent activity and to make at least the planned profits. That is the only way to accomplish the purpose of workers' more intensive participation in profits. As Nicolae Ceausescu pointed out in his Report to the National Party Conference, every worker's income must depend upon production to give him the proper incentive to increase profitability and profits. While it is obviously necessary to set remuneration carefully and equitably so that everyone, being assured of a job and good working conditions, will receive an income in proportion to what he produces, a suitable information system providing all the data on each worker's effort and the corresponding results is particularly important.

We make this point because at present a number of deficiencies in the information system are impairing the stimulating effect of the incentive levers. For example, the application of some incentive measures intended to enhance efficiency does not have the expected effect because of a system of setting work norms in some fields that is not updated according to the technical, organizational and social changes that have taken place. This largely explains why the work norms and physical production are not fulfilled in some enterprises while the wage fund is exceeded.

Some enterprises are using the incentive system of granting bonuses for savings in materials and manpower because there are no scientific norms for some products and no adequate record is kept of the contribution of every collective and worker to conservation of materials, fuel and energy. Moreover the highly urgent actions included in the special programs approved by the National Party Conference for recovery, reconditioning and reuse of materials resulting from various production processes should be matched by a suitable information system

that will reflect the results obtained and also permit application of the incentive principles for the results obtained.

We all realize the importance of securing a regular connection between the results obtained at work and the incomes due, or of granting extra incomes for overfulfillment of the tasks or reducing the remuneration in case of nonfulfillment. Yet in some economic units the application of these instruments takes the form of an overall reduction by certain percentages of the remuneration of all technical, economic and other specialized personnel, largely because of the same lack of information reflecting the effort made and the results obtained.

Better quality of the information largely depends on the process of collecting and processing the data, in which use of modern recording and computing equipment plays a critical part. There is no question that use of electronic computers truly revolutionizes the management and organization of production and directly contributes to high economic effectiveness. But it is equally true that however perfected it may be the computer cannot perform miracles, and it provides exactly what it is given to process. For example, the great advantages of preparing, scheduling and starting production by computer are only on paper, that is they are entirely negated if the elements of realistic substantiation of the plan are left out of account, just as the same result is reached if the production process is interrupted by disruptions in the regular supply of raw materials and materials.

Further development of domestic production of electronic equipment and its introduction in the economy have created favorable conditions for improving the quality of the information and perfecting the information systems used on various levels. But practical experience shows that electronic computing equipment is not invariably used efficiently. In quite a few enterprises automatic data processing is limited and chiefly used to stockpile financial-accounting data, and that does not ensure prompt knowledge of the evolution of the main plan indicators. Some units interested in using data processing largely confine themselves to processing data on management of the materials and products, recording and computing wages, etc. instead of designing programs that will provide, for example, for processing the data needed to substantiate and rationalize production and to start and check it. Due to this practice, the economic centrals and enterprises wherein data processing units operate are not provided with qualitatively superior information to substantiate decisions and manage the whole activity on the levels of the respective structures. This situation is not unlike maintaining a traditionalist and routine conception, while some personnel in the operational departments of the economic units display the conservative attitude toward the new, toward computing equipment, and toward automatic data processing.

We feel that efficient use of electronic computing equipment to secure the information needed to manage the socialist units in keeping with the requirements of the new mechanism calls for the start of drafting and implementing some designs for information systems permitting integrated processing of the data on which to base some complete economic analyses needed both to manage current activity and to substantiate the decisions on future activity on the levels of enterprises and the higher units.

The work of the collectives or subcollectives for economic-financial analysis in the organizational structures of some enterprises and centrals cannot be considered efficient unless they have suitable models and methodologies to obtain the information needed in management operations. We feel that only the information resulting from a process of complete analysis meets the requirements of intercorrelation of the various indicators and factors (on hierarchic levels) and of consideration of all the implications in the act of decision. An adequate structure of personnel making economic-financial analyses must be provided for in close connection with this. We think the heavy responsibility of this category of personnel should be emphasized, since they use scientific methodologies, procedures and methods, benefit by the performances of the electronic computing equipment, and are expected to analyze the economic phenomena in enterprises and centrals competently, making recommended decisions available to the collective management that will permit the most efficient use of the enterprise's entire material and manpower potential.

Moreover improvement of the personnel involved in constructing the information system from collecting the data to exploiting the latter is essential to the efficiency of data processing. Therefore it is vital to improve the forms of training and improving the personnel working in this field. As for training the economic personnel, qualitative changes are also needed in the content of the educational process to meet the demands of intensive national economic development, which requires active and revolutionary economic thought.

The efficiency of the information system can be judged only by the quality of the decisions essential to the normal progress of the activity in the respective field and consequently by the economic-financial results obtained. This means both that the system must supply the management with useful and timely information and that there must be the necessary organizational framework and suitable working methods and approach to permit complete use of this information.

The quality of a decision or option primarily depends on the volume and quality of the economic and technical information available to the managers on every organizational level. There can be huge stockpiles of information but they serve no purpose unless they involve or "guide" economic-financial activity in order to obtain a high economic effectiveness. Therefore the methods of collecting the information are highly important, and especially the best processing and use of it in the general process of directing, regulating and managing economic-financial activity and of maintaining the material-value balance in its evolution and liquidity in the stages of the economic cycle, as well as in avoiding disruptions in the respective unit's relations with others. In this connection, the tendency to label economic and technical records, information and data as "bureaucracy" that actually serve or can serve knowledge of the economic processes, decision-making, and the start of specific actions to improve the economic activity is no aid to efficient management. It is especially important to point this out because in not a few cases collecting data and obtaining economic information are regarded as bureaucratic while the real manifestations of bureaucracy are called "necessary."

On the strength of the National Party Conference's decisions, transition to a new quality in all activities calls for a veritable revolution in people's thought and action. Development of data processing and its extension to

production management are also in this broad social-political equation. The best conditions for wide-scale use of data processing in production management and in national economic development can be created by militating resolutely to overcome the difficulties and to eliminate the attitudes that impair the effective application of the new economic mechanism.

5186

CSO: 2700/147

PROGRAM TO INCREASE FINAL RECOVERY FACTOR FOR OIL

Bucharest REVISTA ECONOMICA in Romanian No 9, 4 Mar 83 pp 4-5

[Article by Dr Engr Aurel Carcoana: "The Growth of the Final Oil-Recovery Factor "; passages enclosed in slantlines printed in boldface]

[Text] The importance of petroleum to the world, as a source of energy and as a raw material for chemicalization, has risen greatly in the past decade. The energy forecasts show a consensus regarding the main trends in this field. First, by the end of this century the supply of energy on a world scale will tend to be insufficient to permit reasonable economic growth. Second, the massive development of sources of nonpetroleum energy will be slower than was foreseen initially. Third, the recourse to crude oil will remain indispensable and it will continue to be the main source of energy even if, as is estimated, crude oil's percentage will fall to 30 percent in the year 2000, as compared with 46 percent at present. In return, the world production of crude oil will have to rise at least 30 percent in the next 10-20 years, and that of natural gas will have to double. In consequence, in the countries with an advanced oil industry, the annual expenditures for exploration and production of crude oil total tens of billions of dollars per year, with the trend of growth in them from one year to another.

In the current international context and that of the necessity of more markedly developing the base of energy and raw materials in order to provide conditions favorable to the continual progress of the national economy, it thus seems natural for our country to devote special attention to this problem. In this regard--as was indicated at the recent national party conference--decisive steps are necessary for precisely fulfilling the programs for increasing the production of crude oil and gas, to which the promotion of advanced methods of raising the final factor of recovery of crude oil from deposits must make a big contribution.

The Magnitude of the Recovered Resources

The oil deposits in Romania comprise a wide variety of natural conditions for storage of crude oil and different geological and physical-production characteristics. The variety of natural characteristics and conditions in which crude oil exists in deposits influences the final recovery of it. Thus, the final recovery factors vary between 5 percent at the oil deposit from the Miocene in Bors, characterized by unfavorable natural conditions, and up to 60 percent at the Ticleni Sarmatian VIII deposit, a deposit with very good conditions for being exploited by means of water injection.

Beginning in 1950, /conventional methods of increasing the recovery/ (by means of water and gas injection) were initiated and were developed further, and in the 1964-1970 period, a new method, /underground combustion/, was tested successfully. In consequence, the national average value of the final recovery factor provided with the production processes in the course of application at the oilfields existing at the end of 1973 rose to 30.4 percent, as compared with 25 percent at the start of the 1950's. The variation with time in the national average final recovery factor (FFR) is given in Figure 1 (along with the results obtained in the United States). One sees that the factor values provided are comparable.

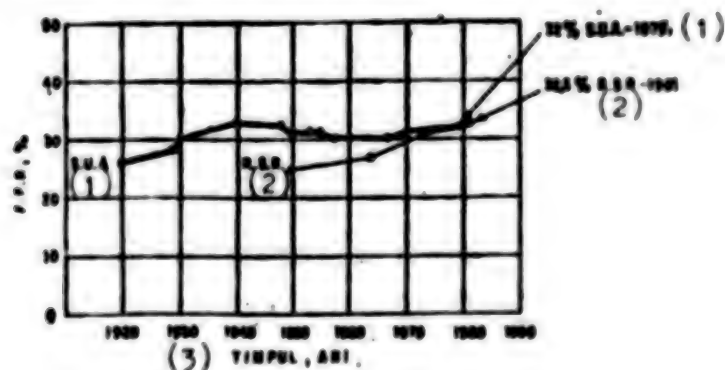


Figure 1. The Final Recovery Factor as a Function of Time

Key: 1. United States 2. Socialist Republic of Romania 3. Time, years

Along with the special efforts that were made to discover new oil deposits, beginning in 1974, quite special attention was devoted to the existing fields. In fact, at the known deposits, a large quantity of unrecoverable hydrocarbons remains after exploitation—on the average, between 65 and 75 percent of the quantities existing initially. In order to reduce this remaining quantity, in order to bring more crude oil to the surface, the Program for Raising the Final Recovery Factor at the Oilfields in Romania was drawn up in 1973-1974. In this program with a priority character there was stipulated, on the basis of a detailed analysis of each field, what should be done so that the improvement in conventional methods and the research on, experimentation on and development of the application of new technologies would lead to the growth of the national average value of the final recovery factor in the coming years.

Through exploitation of deposits with the primary and secondary (conventional) processes and the new ones under development, /a rise in the final recovery factor, from 30.4 percent (1973) to 32.5 percent at the end of 1982/, has been reached after 8 years of application of the program. To this end, intense action has been taken, both to improve and expand water and gas injection at all the oilfields at which these technologies can be applied and to research and test other new ones and, especially, to apply thermal methods, which have reached the stage of industrial development.

Nevertheless, the rate of growth of the final recovery factor is still slow and costly from a technical and economic viewpoint. Even if, for example, we were to

respond promptly with everything that is necessary so that a method may be brought to the stage of industrial development and expanded (a supply of apparatus, equipment and installations, a guarantee of chemicals in suitable quantities, specialized personnel and so on), this would take at least 10-15 years, with possible insignificant reductions in time. The importance and expediency of applying completely and on time the provisions of the priority program for raising the FFR, as well as the topicality of its provisions, thus emerge strikingly.

Examining in Figure 2 the existing situation and the prospects of increasing the recovery of crude oil in Romania, as compared with the published data on the same indicator for the United States, one sees that what could be obtained merits the effort made. In fact, the FFR growth provided in the program, from 32.5 percent to 37.5 percent (+5 percent) in a reasonable estimate, up to 42-42.5 percent in an optimum estimate, represents practically, for the latter, /the doubling of the country's current recoverable reserves of crude oil/. Of course, the crude oil still remaining in the deposit--on the average, 58 percent of the initial quantity--will represent a permanent target, but one closer to the future generations.

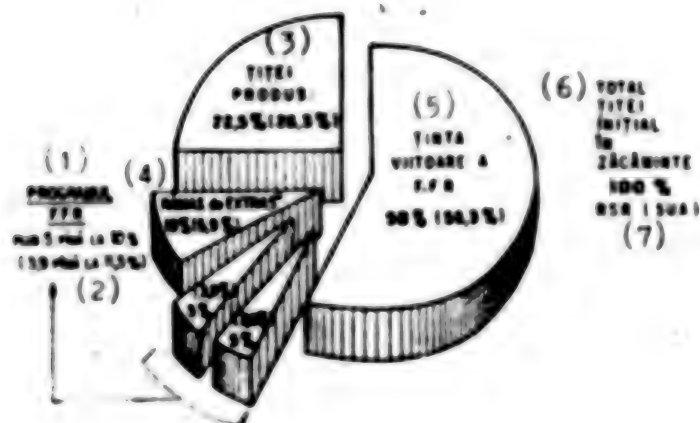


Figure 2. The Balance of the Crude Oil Existing in the Deposits

- | | | |
|------|---|--|
| Key: | 1. FFR program | 5. Future FFR target |
| | 2. Plus 5 to 10 percent (3.9 to 11.5 percent) | 6. Total crude oil initially in the deposits |
| | 3. Crude oil produced | 7. Socialist Republic of Romania (United States) |
| | 4. Remaining to be extracted | |

A Wide Field for Expanding the Advanced Methods

The program for raising the final recovery factor provides that the secondary exploitation of oil deposits is to be done both through the application of water and gas injection and through the introduction and expansion of new methods. Thus, in order to increase the area flooded by the injected agent, /a slug of a solution of water with polymers/, which is driven further with water, is put in the deposit. The method was researched and tested successfully at the (neotian) deposit in Dragănești and is undergoing industrial expansion. Depending on the annual delivery of some 400 tons of polymer by the chemical industry, in a period of 6 years, it

will provide for the growth of the final recovery factor to 48 percent at this deposit.

When the slug of agent injected into the deposit consists of carbon dioxide, it has the role of a solvent, with an effect of miscible dispersion. For heavy crude oil, the method is being applied experimentally at the (meotian) deposit in Bradu, to reduce the viscosity and increase the crude oil's volume factor. At present, there are several projects for miscible dispersion with carbon dioxide (CO₂) that are to be applied at the Calacea, Satchinez and other Miocene deposits, which are in the vicinity of natural accumulations of gas under pressure, with a high content of CO₂, and chemical platforms where it is obtained.

In the case of viscous and heavy crude oil, in utilizing the thermal methods--namely, underground combustion and steam injection--steam, hot water, flue gases and volatile fractions of crude oil with a miscible effect act as dispersing agents. These methods are industrially developed in our country at Suplacu de Barcău, Fosești, Moreni, Gura Ocnitei and, partially, Bălaia, with the final recovery factors provided exceeding values of 45-50 percent.

After secondary exploitation, the crude oil remaining in the respective deposits exists as a discontinuous phase in the pores or the groups of pores in the area flooded by the working agent or as a continuous phase in the areas that it has not reached. Depending on the way in which the secondary exploitation was done and the nature of the injected agent, other combinations of the above-mentioned procedures also were researched or are undergoing substantiation and experimentation, with tertiary exploitation being achieved. Thus, /underground combustion/ after water injection was tested successfully at Videle and is under expansion. In addition, water injection after underground combustion constitutes a method of improving the effect of the combustion at Suplacu de Barcău.

Finally, the /injection of micellar solutions/ or surfactants, after washing the deposit with water, a complex method, but one that must gain greater applicability, is in the incipient phase of experimentation on the site, with the promotion of it depending mainly on overcoming difficulties in procuring the chemicals in the necessary quantities.

Part of the oil deposits in our country do not have characteristics and conditions that would permit expanded application of the methods of raising the final recovery factor with favorable results (marked tectonization, low permeability and compact zones from which the crude oil does not flow, strata that cannot be correlated, narrow zones of crude oil, big gas-oil and water-oil contact surfaces, high deposit temperatures and so on). Even at the deposits considered, from a viewpoint of physical character, to be good and very good for applying the methods of raising the RFR, operational and technical difficulties arise, especially in the Dacian structure (sand flows, old wells with uncemented columns through which the injected agents are channeled and so on). For expanding the area of application of steam injection at the deeper deposits the /underground steam generator/ (GAS) is also being researched and is undergoing testing. In addition, laboratory tests are being made on additional products for steam injection, air injection for combustion or injection of chemical additives, which could increase the flooding efficiency, preventing canalization, and, in the case of micellar solutions, would permit the application of them to deposits with temperatures higher than 90°C and in the presence of a high salt content in the formation water.

A continual effort is being made /to utilize petromining methods/ for exploiting oil deposits up to 500 meters deep without gas and to utilize bituminous sand. In addition, it was considered necessary to continue the research for substantiating the possibilities of utilizing the activity of bacteria to stimulate the wells and, possibly, to raise the FFR, with the first results of the experiments done at the site not being conclusive for the time being.

/A balance sheet for the current stage of application of the new methods of raising the final recovery factor shows that 226 of the 366 oil deposits are being subjected to conventional, thermal and chemical processes of recovery, and at 25 deposits they are going from the experimental phase to the industrial phase of application/. Moreover, beginning in 1983, all the deposits with favorable characteristics are being subjected to processes of advanced recovery.

Closer Collaboration Between Customers and Producers

The effect of applying recovery-raising methods on the production of crude oil extracted from deposits manifests itself in time. In the case of applying the chemical methods, for instance, they do not result in substantial increases in the flow of crude oil from one year to another. This is because most of the deposits at which such methods are to be applied are in an advanced phase of exploitation, a period in which the extraction rates, with or without the application of recovery-raising methods, are 2-3 percent, with the tendency being for these rates to fall as time passes and the operation grows older.

The percentage of the production of the deposits at which conventional and new methods of raising the FFR are applied, in the country's total production of crude oil, is given in Figure 3. Examining the data in the graph, one sees that the oil production from the deposits at which conventional recovery-raising methods are applied (water or gas injection) is 45.3 percent of the country's total production, as compared with 48.2 percent in the United States, and that from the deposits at which new methods are applied is 5 percent, as compared with 4.8 percent in the United States. Obviously, the contribution of the new methods to the country's production is low for the time being, but nowhere in the world is it higher, due to the fact that the research and experimentation, especially on the chemical methods, are still at the beginning. On the other hand, the possibilities of obtaining production by applying the FFR methods are connected with the sinking of the new wells needed for expanding the processes, or for increasing the well density, and, implicitly, with the drilling capacity, which is not unlimited, with surface work, installations, implements and equipment. At the same time, the problem of providing the chemical products in industrial quantities must be taken into account, considering that quantities 20-30 times greater than for experimentation are needed for a whole deposit and that any delay in the experiments at the site makes doubtful the industrial expansion of the methods in the scheduled period.

Despite the difficulties which are known or which are foreseen at present, the reserves of hydrocarbons existing in the known deposits are large and everything that is technically possible must be done so that these reserves may be recovered in as big quantities as possible. And this is because, from an economic viewpoint, the cost of the crude oil obtained additionally as a result of applying the methods of raising the final recovery factor is 2 to 4 times higher than in the case of the crude oil obtained by means of primary methods. The energy balance of the new

methods shows that in the most unfavorable case--namely, that of steam injection--one-third of the energy value of the extracted crude oil is consumed, with the consumption being lower for all other methods.

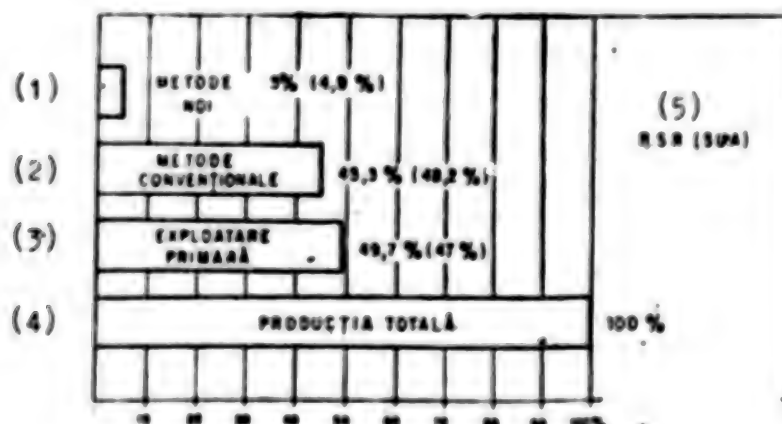


Figure 3. The Percentage of the Production of the Deposits at Which Conventional and New Methods of Raising the FFR Are Applied, in the Total Production of Crude Oil

Key: 1. New methods
2. Conventional methods
3. Primary exploitation
4. Total production
5. Socialist Republic of Romania (United States)

The big volume of the investments, especially in the initial phase of applying the methods of raising the final recovery factor, is specific to the activity of exploiting the oil deposits and is absolutely necessary, since the crude oil of tomorrow must be ready today. And, for the time being, the oil industry constitutes the main source of energy for the other industries. But in order to secure the fulfillment of the provisions in the oil-extraction industry, including the raising of the final recovery factor, it is necessary not only to increase the investments in this branch but also to make up the delays and put the new capacities into operation on the stipulated dates and at the stipulated parameters. To this end, /it is necessary for the participation of the main hydrocarbon-consuming branches/ (metallurgy, machine building and chemistry) /to be manifested more promptly in supplying to the oil industry implements, installations, equipment and chemicals of the best quality, at the level of world technology/, in conformity with the targets and the importance accorded to these branches.

12105
GSO: 2700/157

PROBLEMS AFFECTING PROFITABILITY OF AGRICULTURAL UNITS

Bucharest REVISTA ECONOMICA in Romanian No 9, 4 Mar 83 pp 9-10

[Article by I. Alfiri, director in the Ministry of Finance: "The Growth of the Profitability in the State Agricultural Enterprises"]

[Text] One of the basic requirements of the economic and financial mechanism consists of the balancing of expenses with one's own income and the obtaining of extra income, of monetary accumulations that would provide for the self-financing of the production activity, the material incentives for the working people and the coverage of social expenditures made at the unit's level, along with the repayment of the funds received from society, as well as the raising of the contribution to forming the centralized funds of the state. These problems are highly topical in agriculture, too, a branch in which it is necessary to obtain a significant rise in the average yields and the gross output, a big reduction in production expenses, and high economic efficiency both on the whole and at the level of each socialist unit, at the level of each commune.

The majority of the state agricultural enterprises are already listed with positive results, obtain high and constant yields and conclude their activity with profits. The profits of the state agricultural enterprises in the 1976-1980 5-year period rose 24 percent beyond those obtained in the preceding 5-year period, and those in the first 2 years of the current 5-year period represent about 50 percent of the profits achieved in the 1976-1980 period. The majority of the products are profitable in the state agricultural enterprises as a whole. In 1982, the biggest profits in the history of the state agricultural enterprises were obtained for wheat, barley, two-rowed barley, seed corn, sunflowers, fruit and grapes. The financial results for these products also reflect the steps taken by the party and state leadership in the past 2 years along the line of raising the production prices and awarding progressive bonuses in relation to the quantity of products per hectare furnished to the state supply. The profitability is lower in animal production than in the vegetable sector. However, there are many enterprises that utilize through zootechny the fodder resources in the vegetable sector and obtain profits for the majority of the zootechnical products. The minimum profitability in some enterprises and the lack of profitability in others reflect an unsuitable situation concretized in low yields and high costs, which are determined by a number of causes and which are based on the improper feeding of the animals. In 1982, if all the state agricultural units had obtained financial results on a par with the average profits of the profitable units, the national economy would have had additional monetary accumulations of over 4 billion lei.

The expanded plenum of the National Council of Agriculture, the Food Industry, Silviculture and Water Management in December 1982 made an extensive analysis of the results obtained by Romanian agriculture in the first 2 years of the 5-year period and established a number of concrete measures. In state agriculture, as in the other sectors, it is necessary to raise the average yields to the level of the material and financial efforts made by the national economy, to reduce accordingly the costs per unit of product and to obtain a certain profit that would provide for self-financing.

In comparison with last year's achievements, the average yields planned for the current year seem high, but they are fully correlated with the material base that each state agricultural unit possesses. However, fulfillment of the plan requires suitable organization of production and labor and sensible management in all the units. It is necessary for the directors, the chief engineers and the farm and sector chiefs to assume to a greater extent the responsibility with which they are invested--they must not wait for measures from the county agricultural bodies or from the center. They determine the use of the technical-material base, the start of the agricultural campaigns, all the decisive moments of the production process. The management personnel in the production units must take steps and must be responsible to the general assemblies, to society, for the steps taken and the results obtained.

The zootechnical sector must be in the center of the attention of the managements of the enterprises. There are many cases in which fodder plants are grown on the land that remains after the placement of wheat, seed corn and sunflowers--that is, the crops that give a commodity output. At the enterprises with a zootechnical specific character, the fodder crops, in our opinion, must have priority, must be sown around the farms, around the fodder-storage areas. At these units, it is necessary for the natural and chemical fertilizer to be utilized to fertilize the pastures and the plants raised for fodder at least on a par with the quantities administered to the crops that give a commodity output.

Special attention must be devoted to fodder harvesting and storage. It is necessary to establish concretely what areas can be harvested by machine and what areas are harvested by hand. The higher-ranking agricultural bodies must take steps so that the fodder-harvesting devices may be put in the inventory of the state agricultural enterprises in order for the shortcomings to no longer be "passed" from the IAS [state agricultural enterprise] to the SNA [agricultural mechanization station] and vice versa. For the areas that are to be harvested by hand, it is necessary to establish the cutting rate per hectare and to give the proper approvals a certain time before the start of the fodder harvesting. We share the opinion of those who feel that the livestock farms, and not the vegetable farms, must deal with fodder--this in order to limit the responsibility to the unit with a zootechnical makeup.

The selection and raising of young stock constitute an extremely important problem, one that is known by all the leaders in zootechny. However, the attainment of this objective presupposes the providing of fodder with priority for pregnant females and young animals, since the future production depends on the young animals of today. Mortality among young animals constitutes a double loss: financial losses and the loss of future production.

In the zootechnical sector, a number of immediate steps are necessary, including the revision of the entire work program regarding the tending of animals, the

...ation of the personnel, a suitable water supply, and health and veterinary assistance on a par with the current requirements. A well-composed stable program constitutes a sure guarantee for maintaining the animals in an exemplary manner, especially in wintertime.

In order to remedy the shortcomings that appear in zootechny, the trusts and the respective department must exhibit greater concern for providing the necessary quantities of seed for the oversowing of meadows and for fodder crops on arable land and for equipping this sector with a system of machines for harvesting fodder on sloping ground and with machines and spare parts for harvesting fodder on flat ground. At present, the chemical fertilizer is allotted with priority to the trusts that have crops that give a commodity output. Due to this fact, the state agricultural enterprises in Sibiu County, for instance, applied to pastures and administered to fodder crops smaller quantities of chemical fertilizer in 1982 than in the preceding years. In the last 3 years, the quantities of fertilizer have been declining at these units. The big cattle-fattening complexes do not have enough pastures, and corn-cobs and straw are brought from great distances, with very high expenditures of money and live labor. In many cases, the allotments given are not honored by the surrounding counties. The wheat crop in the counties in the hilly and piedmont area is viewed by some specialists as an unprofitable crop for the vegetable sector, but it is not taken into account that the bringing of straw from other areas requires additional expenditures in zootechny, greater than the possible lack of efficiency in the wheat crop.

Reserves for increasing the production and raising the profitability also exist in the vegetable sector. There are still many areas and even enterprises that achieve yields of wheat below 2,500 kg per hectare, corn below 3,000 kg per hectare and sunflowers below 3,000 kg per hectare. The areas set up for irrigation are not used properly. There are units that achieve insignificant increases in production in comparison with unirrigated crops. The production costs are high, especially the material ones. Moreover, in the state agricultural enterprises as a whole, the percentage of the material expenditures in the gross output has a high value. Due to the low yields and the high level of expenses in 1982, two crops--soybeans and rice--registered losses in the state agricultural enterprises as a whole.

The causes of the shortfalls in the vegetable sector are of an internal nature, ones that can be eliminated with minimum efforts by the managements of enterprises: the observance of a certain crop rotation, the devising of technologies specific to the area's microclimate, the doing of the planned work on time and in its entirety, and the periodic supervision of production expenses. For corn, soybeans, sunflowers, fruit and so on, the biggest losses occur in harvesting. For irrigated crops it is absolutely necessary to provide a minimum of chemical fertilizer under any conditions.

At the same time, the higher-ranking bodies must provide for the better organization of the production of seeds and for the replacement of them in the periods required by science. It is necessary for the Ministry of Agriculture and the Food Industry to concern itself more with the creation of corn varieties that would give high yields and would have a shorter vegetative stage. The obtaining of a high yield per hectare, but one that cannot be conditioned and preserved, does not constitute an achievement for the national economy. The illnesses in the animal sector are also caused by the quality of the fodder--that is, moldy corn.

mechanization, especially mechanization of the harvesting of the products, constitutes the most important problem in the vegetable sector. It is necessary for the Ministry of Agriculture and the Food Industry to finalize a system of machines good for a longer period of years and to raise the level of the requirements regarding the quality of the machines, regarding the producing machine-building units, since many machines in agriculture, although requiring high maintenance expenses, do not have a high output in harvesting, with significant losses being registered.

The higher party leadership has taken the step that prices varying according to areas are no longer to be given for wheat and rye, corn and sunflowers, an action that presupposes that the agricultural bodies would provide for the zoning and rationalization of the crops and varieties so that the yields that are obtained may cover the expenditures made by the units.

The fulfillment of the task of making all the enterprises, all the farms and production sectors and all the crops profitable requires steps on all hierarchical levels of agriculture, including the making of changes in the makeup of the units, in the combination of the branches, of the crops and subsidiary and industrial activities, so that each unit may have a minimum of profitability provided under any climatic conditions.

Special steps must also be taken in the field of records of production expenses. The profitability is a reflection of the work of the technical personnel, but it also reflects the way in which the chief economist--the present chief accountant--keeps track of the expenditure of the funds entrusted to the enterprise and the way in which the sums spent are recovered. The chief economist and, along with him, the economist of the farm must keep track of the expenses according to component elements, from the supplying to the utilization of the production. He does not have only the task of recording and reporting; he has the task of periodically raising for discussion in the working people's council the workplaces where waste is occurring, how much materialized labor or live labor has been consumed additionally, who is at fault and what steps must be taken. If the enterprise's management does not take the proper steps, he must inform the competent bodies. In order to know all this, his work must be done not in the office, but where the production is done and the money is spent.

Our socialist agriculture possesses all the conditions for reaching the high targets that were set by the 12th RCP Congress, including the necessary personnel and a suitable material base.

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1200/157

ECONOMIC COOPERATION OF CROATIA, BOSNIA-HERCEGOVINA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Mar 83 p 11

[Article by J. Grubic]

[Text] Working collectives from Croatia have concluded 84 self-management agreements with partners in Bosnia-Herzegovina. The process of pooling labor and resources will be accelerated. Great efforts are made to surmount the difficult situation in supplying raw material and semifinished materials.

Inter-republic trade cooperation in this very difficult economic period and activity in pooling the parts of the resources of the Fund for the underdeveloped regions in the joint developmental programs of OURs were the central themes of the discussions of the delegations of the economic chambers of Croatia and Bosnia-Herzegovina which were held recently in Zagreb.

Considering that the main condition for making the production dynamic is the timely supply of reproductive and raw materials and energy, the two delegations have insisted on the OURs' strict performance of obligations mutually agreed upon.

With increased exports, made possible by goods compensation as a substitution for imports wherever that is economically justified, the status of both the republics' trade with the world can be significantly improved. The review made of the important products and services will contribute to this. These are the subject of multi-year transactions of their OURs as well as a proposal of measures and actions which is formulated on this basis and aims at advancing the flow of mutual goods. The regulation of relations in the distribution of the hard currency earned by joint exportation will also contribute to this.

Although the electrical industry of Croatia and Bosnia-Herzegovina has mutually cooperated successfully for many years, some unresolved questions also exist which have occupied the attention of this meeting's participants. This concerns the distribution of electrical energy from the total

production of the two hydroelectric plants in the Trebisnjica River basin. It is also a question of the electroenergy imbalance between the two electrical industries because of which the TE Tuzla IV having difficulty in supplying consumers in Bosnia-Herzegovina, is decreasing the deliveries to Croatia anticipated in the joint agreement on financing the construction of this installation, etc.

Somewhat Better With Coal

In the area of oil derivatives, specifically gas, in periods of crisis, the mutual increase of sales is sought, but because of a significant decrease in oil imports, neither INA nor Energopetrol has been able to perform its obligations according to the Self-Management Agreement, let alone beyond the amounts set by the agreement. The situation with coal is somewhat better since the [illegible] association for Croatia proper has [illegible] with Bosnian-Herzegovinan coal mines a supplemental payment per each ton.

Manufacturing OURs in Croatia are prepared to make investments under conditions acceptable for both sides in order to achieve a lasting solution for the supply of steel and other products of ferrous metallurgy. It has been agreed, therefore, that the RMK Zenica define and provide its interested partners with a "Yugoslav concept" as soon as possible of the development of its own capacities. This would be the proper way to surmount the expressly difficult and extremely uncertain course of supplying metal processors in general. Of its various forms of cooperation with "Energoinvest", Sibenik's Industrija Aluminijuma "Boris Kidric" will by the Self-Management Agreement on the joint delivery of aluminum oxide, promote the construction of a factory for anode blocks aluminum and other final products in this branch. Long-term business connections have been perfected in the chemical industry area, but there exists an interest in the further pooling of resources for joint developmental plans, for example, "Belisca" in the "Soda-so" combine of Tuzla, and for the joint production of sodium sulfate. There is also an initiative for the producers of plastic from Bosnia-Herzegovina to pool part of their resources for the completion of DINA or Krk. There are also several programs which must be harmonized on the interrepublic level, as, for example, popular acids and alcohol, expanding polyurethane, etc.

There were also talks on programs for the development of Kardeljevo's harbor, on the pooling of resources for the organization of agricultural plots in order that Bosnia-Herzegovinan OURs be ensured over the long term a determined amount of wheat, flour, corn, edible oil and other food stuffs. Disloyal competition between some furniture producers in the foreign market was also discussed as well as problems which have arisen in realizing the anticipated direction of Rijeka's "Rikard Bencic" in producing compact pumps for medium powered engines.

Sixteen Programs Await Agreement

Later in the discussions it was ascertained that, with the engagement of the economic chambers, the OURs from Croatia have concluded 84 self-management agreements with partners in Bosnia-Herzegovina, of course, mostly on an income basis, really on joint income. This concerns, therefore, 43 joint developmental programs by which around 10,000 new jobs will be created and whose total estimated value is around 43 billion dinars. In the 6.4 billion dinars of the Croatian producers' share, the Fund's resources make up 86 percent.

The problem is that the agreement of the competent organs of Bosnia-Herzegovina on individual programs are too long in coming and 16 are still not yet registered. The reason for this, as already emphasized, is that the overall recalculations of this republic's obligations towards its own investments begun earlier, but not completed have not been finished. Moreover, difficulties in establishing locations have appeared, because individual facilities wish to build in expressly underdeveloped communes regardless of resources or other factors relevant to the determination of location. Other difficulties are interposed such as neglecting the primary phases of development and favoring the processing ones, for which sufficient regard is not paid to the present capacities of the manufacturers in Croatia and other developed federal units which are really built upon the raw materials and other primary resources of Bosnia-Herzegovina.

Nevertheless, it must be expected that after these discussions, the process of the self-managed association of labor and resources will be intensified, especially because it is expected that more than today, other bearers of social reproduction will be included in this process. In this sense will the solution of the open questions be initiated in the areas of the country's productive orientation and of the share of the fund's resources in individual projects of a raw material and basic character. This is especially related to ferrous and non-ferrous metallurgy, as well as to the chemical industry for which the pooling of resources from other sources is sought, and not only from part of the fund's resources. This concerns measures which would hasten the pooling of the Fund's resources, especially in joint programs which will contribute to an increase in exports and a decrease in import dependency. Business banks would have to play a more significant role in this, especially when it concerns priority programs of broad social significance for which it is necessary to assure even supplemental qualitative means and to secure discounts for the approval of credit.

12717

CR0: 2800/209

IMPLEMENTATION OF MONETARY-CREDIT POLICY FOR 1983

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 18 Mar 83 p 5

[Text] Monetary-credit policy can and must fully support economic policy in the implementation of the goals of development. In connection with this is the restriction of the growth of bank investments anticipated for this year, the slowing down of the money supply and the reduction of the growth of the primary currency issues by 20 billion dinars in relation to last year.

There exist in our country various opinions about the place and role of monetary-credit policy and its effect upon economic activity, running the gamut from those which overrate its impact to those which question whether it has any impact at all. Nevertheless, it can be said that the generally accepted view is that the amount of money in our country affects economic activity to a significant degree and that adequate monetary-credit regulation represents one of the basic instruments of economic policy.

Therefore, when monetary-credit regulation is in question, one has to keep in mind the securing of such a movement of the money supply and other monetary categories which is consistent with the goals of economic policy, especially with the goals regarding the activity of industry, prices, imports and exports. Therefore, monetary-credit policy must be considered within the framework of the entire economic policy, which gives a different meaning to its role in relation to isolated considerations. In this sense, one can also talk about the support which monetary-credit policy can and must extend to economic policy in the implementation of basic developmental goals.

Restricting the Growth of Investments

Starting from such a position, the assembly of the SFRJ and the Federal Executive committee in their decisions on monetary-credit policy, have established the basic tasks in the area of monetary-credit regulation, which stresses stronger support for the implementation of the economic stabilization program, to which end provisions have been made for several more hard-hitting measures. These include, among others measures designed to curb the growth of bank deposit placements, make it more

difficult to secure loans for unwarranted inventory buildups, slow down the growth of the money supply, and scale down the growth of primary currency issues by 20 billion dinars in comparison with 1982 issues. In order to make sure that monetary-credit policy is consistently enforced in its stabilization-support role, it has been provided that the total net domestic assets of all banks cannot exceed 11.7 percent in 1983, and this includes an increase in total bank deposit placements limited to 13.4 percent. The obligation of restriction is not related to investments for the development of underdeveloped republics and regions, including also credit from supplemental and specific resources for the faster development of Kosovo and investment for the reconstruction of areas damaged by earthquakes.

The National Bank of Yugoslavia is obliged to strengthen by its decision the dynamics and structure of the growth of investment during the year, in harmony with the seasonal needs of the economy and those of exports, taking into account that the anticipated growth rate is not overstepped at the end of the year. Therefore, it must be taken into account that priority in investment policy must be given to exports, the production of reserves both of basic agricultural and food products, the creation of the necessary material reserves and the production of energy and other raw and reproductive materials which substitute for imports.

The significant news in relation to the previous year is the obligation of banks to not increase investment credit over the amount reached at the end of 1982. This obligation is not related to the construction of energy installations for domestic energy sources or of installations in the areas of primary agricultural production and of installations for the production of raw materials which are substituted for imports. It is also not related to credit for railroad modernization, to credit from the Federal fund for the Faster Development of Economically Underdeveloped Republics and Regions, including as well credit from supplementary and specific resources for Kosovo, credit for the reconstruction of areas damaged by earthquakes and credit which banks give to citizens on the basis of the definitive sale of hard currency. It is anticipated, moreover, that banks cannot grant investment credits to consumers who have taken care of obligations concerning credit given earlier. This also concerns consumers who, in the total working capital do not provide participation from their own resources in a percentage established by specific regulations.

In carrying out the policy of bank investments, credit restrictions for individual purposes will not be exempt from the obligation as in earlier years. However, various levels for individual types of investment, in harmony with the policy of priorities, can be established preventing the financing of unjustified reserves.

A special measure, which the Federal Executive Committee, in harmony with the resolution, has anticipated, is to make impossible the utilization of credit including also the primary currency issues, the organization of associated labor which for speculative reasons keep certain products in reserve, yet at the same time these products are not for sale in the

united Yugoslav market. In order to prevent this phenomenon from appearing, very precise and effective measures are anticipated which will be initiated by the Federal Secretariat for Market and General Economic Affairs and the National Bank.

Besides this, if the buying up of basic agricultural and food products is not performed in harmony with the conditions established in the agreements about the organized purchase of these products, it is anticipated that the market inspection, besides submitting reports to the competent authorities, will inform the national banks of the republics and regions which are obliged to cease the further financing of these products and to oblige the commercial banks to also do that as well as collecting the credit already given to these organizations.

Also, in 1983, the growth rate of the money supply will be somewhat lower than the nominal growth of the social product in order to strengthen the effect of monetary-credit policy upon the implementation of the program stabilization. Such a policy of money supply activity has also been carried out in our country in the previous 4 years as is seen from the following growth rates.

Year	Social Product	Money Supply
1979	29	18
1980	33	20
1981	41	22
1982	32	26

The continuation of a restrictive monetary-credit policy is necessary to facilitate the balancing of the goods-money funds which were affected by inflation. However, it must be kept in mind that a restrictive credit policy can yield the expected results only if the basic supposition of economic activities (consumption in all its basic forms, production, exportation and prices) are implemented upon which the formulation of the basic quantitative tasks of credit policy is founded. In so much as it does not come to this, the effectiveness of the measures of monetary-credit policy will be perceptibly lessened which practice has shown in the last several years.

12217

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DISCUSSION OF WORK STOPPAGES IN CROATIA

Zagreb DANAS in Serbo-Croatian 15 Mar 83 pp 12-13

[Article by Drago Loncar: "The Other Side of the Work Stoppages: Why the Economic Situation Has Not Been Causing More Strikes"]

[Text] Strikes, or work stoppages as we call them, are not a phenomenon which in any way characterizes our working class nor society as a whole. Even the very number of work stoppages confirms that this form of struggle by the working class for its rights occurs only in extremely specific cases. Last year in SR [Socialist Republic] Croatia, for example, there were 65 work stoppages in which 4,673 workers participated. An average of 72 workers were involved in each stoppage, and in all 395 [middle digit unclear] working hours were lost because of stoppages. This means that only 1 out of every 300 workers was compelled to use the work stoppage to win his rights.

Yet since work stoppages do occur, the phenomenon deserves attention, especially on the part of trade union and party organizations, since it is clear that in this type of reaction the worker is bypassing all the regular forms at his disposal for exercising his rights in self-management. A great many analyses and conclusions have already been written about work stoppages, and most of them agree on what their basic causes are. According to the demands of the participants in the stoppages and the methods of conducting them, they are as a rule aimed against the technocratic and bureaucratic forces and types of behavior, against usurpation of the workers' rights in self-management, and they advocate the development and strengthening of self-management. Work stoppages are thereby somehow also a form of class struggle of the workers to realize their immediate interests, and they occur where the workers are unable to solve their problems through regular self-management channels. We dare not after all make a negative assessment of every work stoppage. Certainly work stoppages are not and ought not to become a regular weapon of the workers in fighting for their rights.

Growth and Decline

Recently the Presidium of the Council of the Federation of Croatian Trade Unions debated work stoppages and adopted stands and conclusions on what the basic trade union organization does in organizations of associated labor during a stoppage and after a stoppage and what the trade union should do to

prevent the stoppage from occurring at all. In the last 2 years, we were told by Zvonimir Hrabar, member of the Presidium of the Council of the Federation of Croatian Trade Unions [VSSH], the number of work stoppages has risen slightly, but the underlying and proximate causes of the stoppages have remained the same. These are problems in the distribution of personal incomes, discounts for annual vacations, dissatisfaction with output quotas (adopted without the workers' consent), the lack of information, and so on. It should be emphasized that not a single stoppage has been political in nature, nor has any been aimed against the system, but, on the contrary, stoppages occur precisely because the system is not being implemented.

Analyses also show that trade union organizations and organizations of the League of Communists where work stoppages have occurred are regularly passive. An interesting case was the work stoppage in the "Vujanovac" work organization in Vujanovac, where 32 workers, 6 of them members of the League of Communists, did not report for work because they were dissatisfied with the director's veto on a decision of the workers' council evaluating the week's performance. The party organization of that collective condemned the action of the workers and the workers' council, and the six members of the League of Communists, who also did not report for work, were expelled.

Yet the main reasons for the stoppages cannot be reduced to problems in distribution of personal incomes, discounts or housing. There are also those deeper reasons which allowed themselves to be detected in a recent work stoppage in the Zagreb textile work organization "Pobjeda." In the first months of this year personal incomes in the textile industry amounted to about 11,000 dinars, while petroleum industry workers, for example, had average earnings of about 19,000 dinars. Those 11,000 dinars of the average personal income of the textile worker included personal incomes of the supervisory structures of the textile industry, and it is a fact that all textile organizations of associated labor are not earning the same income. It is well known that many textile workers, even in the cities, are receiving a smaller monthly income than the proclaimed lowest personal income of 8,000 dinars. In "Pobjeda" the work stoppage was not aimed solely against the professional management in the collective, though it is indicative that the director of that work organization was off on a business trip during the work stoppage. What did the textile workers of "Pobjeda" demand? First of all, higher personal incomes, indeed an increase of 40 percent for those with the lowest earnings, as well as higher personal incomes, in a much smaller percentage to be sure, for all other categories of workers, even those with junior postsecondary specialized training.

Consciousness

This demand in a way reflects the demands of the entire textile industry. Many work stoppages in the past also had those deeper causes that actually lie in the unsatisfactory economic situation in certain economic groupings and activities and specific organizations of associated labor.

The present economic situation, in which the results from the conduct of economic activity are poor, ought by its logic to favor an increase of work stoppages, but since the figures belie that causal relation, it is obvious, and

this is not mere rhetoric, that the workers are conscious of the full seriousness of the economic situation and of all the efforts which society is making to carry out the policy of economic stabilization. After all, less is earned, the standard of living is dropping, materials are lacking for production, supply is poor, yet there are fewer work stoppages, which clearly means that the level of political consciousness of the working class is on a high level, while on the other hand the workers involved in a majority of the stoppages that do occur have both grounds and occasion for them.

Among the other causes of the current stoppages there is the underdevelopment of the relations of self-management and the antiself-management outlook and behavior in organizations of associated labor and in the broader social community. These causes lie in the fact that the relations of self-management and socioeconomic relations have not been built up among basic organizations of associated labor [OOUR], between work communities and OOUR's, and especially in the realization of income by sharing in joint revenues and joint income. And then in the fact that many organizations either lack completely or have inappropriate bases and scales for distribution of funds for personal incomes according to work and the results of work, in the formalistic performance of the bodies of self-management, in the underdeveloped delegate system, in the poor supply of information, and so on.

What effort must be made by the trade organization and certainly by the party organization within the organization of associated labor so that a stoppage does not occur, that is, and what must they do during and after the stoppage?

A Series of Moves

What are already the customary and well-known tasks of sociopolitical organizations within associated labor and their performance are the best guarantee that stoppages will not occur. But how about when a stoppage does after all occur? Certainly the trade union organization must not stand aloof from the participants in the work stoppage; activists must be organizers of talks and agreements, which is usually what the workers who have stopped work demand. After termination of the work stoppage, the sociopolitical organizations must insist on adherence to the agreements reached during the stoppage, and then must correct those deeper causes of the work stoppage and resolve the questions of responsibility for the occurrence of the work stoppage. If social norms of behavior have been violated during the stoppage, there is good reason for those individuals to be called to account for their actions. But if there were no hostile slogans and actions, there must be no tendentious search for someone to blame for the stoppage and punishment of the initiators. The cutting edge of the criticism and accountability must be aimed primarily toward those responsible for the causes of the stoppage rather than toward those who participated in it. After all, in most work stoppages the workers themselves adopted decisions in worker caucuses to make up the working time lost during the work stoppage.

The way in which the Committee for Nationwide Defense and Social Protection in one work organization in Djurdjevac behaved toward workers who stopped work is intolerable. The committee divided the workers into those who were honorable

and those who were not according to whether they participated in the stoppage, although such a division would have made sense only if it divided the work force of that organization into those who had contributed to the situation that led to the strike and those who had not. But that kind of division certainly is not the same as the other one, based on participation in the stoppage.

Work Stoppages in SR Croatia

<u>Indicator</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Number of stoppages	31	50	70	65
Number of participants	7,014	4,408	4,019	4,673
Number of participants in the average stoppage	255	88	57	72
Length of the average work stoppage, hours	8.5	7	5.8	6

Forecasts

As a means of "getting justice" the work stoppage has not been envisaged either in laws or in the constitution, and it is clear that no stoppage is an act consistent with self-management. Even in the Law on Associated Labor it is referred to as a breach of work discipline. Does this mean that the 13,500 workers who participated in work stoppages in Yugoslavia last year and the first 3 months of this year should be classified as a dishonorable segment of the working class which has taken a hostile position? The very fact that as a rule the stoppages have ended quickly, sometimes amounting only to a half-hour talk with the professional managers in the collective, and that the very next Saturday or Sunday the lost worktime was made up, sufficiently indicates that our worker looks upon the work stoppage as a necessary evil, but the most important thing to him is to call attention to his difficult material position and status in self-management in certain workplaces.

It does not pay to predict how many workers will in future resort to work stoppages in order to express their dissatisfaction. But the trade union people call attention to the fact that today many decisions affecting the worker's immediate material interests are made without prior notification or consent of the workers or the trade union as the workers' class organization. It is well known that the trade union learned about the price rise for meat from the news media, and even the most recent price rise on certain products directly affecting the workers' standard of living (electricity and coal) went through with no more than prior notification sent to the Council of the Federation of Yugoslav Trade Unions.

In this difficult economic situation every decision made in haste by the professional managers in organizations of associated labor, all the way to those decisions made outside associated labor, but directly affecting the workers, may be at least the pretext for work stoppages, if nothing more than that. Lower personal incomes or a higher price of meat may equally cause resentment on the part of the workers today, after the standard of living has dropped for 3 years, and they may express it in stoppage of the machines, if the worker

has not in advance given his consent to those decisions in an agreement or discussion. Involvement of the workers in resolving all the problems and in making all the decisions is the best way to reduce the number of work stoppages, which certainly is in the interest of the workers as well as in the interest of society as a whole.

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